

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2705 Relocation of City Hall to the Royal Docks

### Title: Relocation of City Hall to the Royal Docks

#### Executive Summary:

On 24 June 2020 the Mayor announced that, in the context of significant cuts to the budgets of all Mayoral bodies, he was considering exercising the break in the Greater London Authority's (GLA's) lease at City Hall and establishing The Crystal at the Royal Docks as the new home of the Mayor, the London Assembly and the GLA. At this time the Group-wide savings were estimated at £55m over five years.

Since then, considerable further work has been undertaken to: refine the costs and better understand the implications of relocating to The Crystal; understand the willingness of the GLA's City Hall landlord to offer improved contractual terms were the GLA and MOPAC to remain at City Hall; take into account the response of Assembly Members and GLA and MOPAC staff to the Mayor's consultation; and consider and assess other potential relocation options proposed in response to the consultation. Following this work the Group-wide savings are now estimated at £61m over five years.

Having considered the financial and non-financial factors of four options in detail, the Mayor is invited to agree to relocate the GLA permanently to The Crystal, having first made it a fit-for-purpose and secure new home for London's government. This move is forecast to deliver savings of over £12m a year for the GLA Group, compared to current arrangements.

As the proposed relocation affects both the GLA and MOPAC and their respective staff, the Mayor is asked to approve this decision form on each organisation's behalf as both the Mayor of London and the occupant of MOPAC.

#### Decision:

That the Mayor (including in his capacity as the occupant of MOPAC):

- I. Agrees, in principle, to:
  - the relocation of City Hall to The Crystal in accordance with Option 2 (as set out below); and
  - the exercise of the break clause in the GLA's lease of City Hall before 25 December 2020.
- II. Delegates (as relevant to their respective organisations) to (i) the GLA's Chief Officer and (ii) MOPAC's Chief Executive, authority to take all steps either considers necessary or expedient for the purposes of the relocation of City Hall to The Crystal, together with additional accommodation at Union Street, and any other associated contingency accommodation and supplementary arrangements arising, including (without limitation):
  - to the GLA's Chief Officer to exercise the break clause in the GLA's lease of City Hall (including deciding the date on which to serve the break clause notice) on or before 25 December 2020;
  - to the GLA's Chief Officer to agree the details of the Assembly's accommodation at Union Street if that is to be pursued, subject to funding for any additional costs being agreed as this is not included in the scope of the proposed project budget;
  - to approve the appointment of professional consultants, contractors or other service providers and enter into any relevant contracts pursuant to this decision;

- to allocate and direct all expenditure within the approved budget for the GLA and MOPAC's relocation;
- to the GLA's Chief Officer to approve the terms of a lease agreement between the GLA and GLA Land and Property Limited for use of The Crystal and surrounding land, and to sign the lease on behalf of the GLA and any other leases and licences required to enable occupation of The Crystal by the GLA and/or MOPAC;
- to the GLA's Chief Officer to approve the terms of licence or other arrangements for the occupation of the additional accommodation required at Union Street and for any other space required temporarily to meet contingency arrangements; and
- to the GLA's Chief Officer to approve the terms of any planning and highway related agreements required to apply for and implement the planning permission related to The Crystal and to sign such agreements on behalf of the GLA.

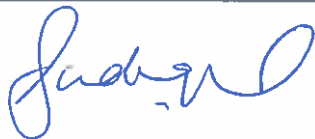
III. Approves GLA expenditure of up to £17.5m for the relocation programme from City Hall to The Crystal and Union Street, comprising a £14m project budget and a contingent sum of £3.5m (25% of project budget, in accordance with standard practices) to meet any unforeseen costs arising throughout the life of the project. This sum to include the reasonable costs of MOPAC's relocation.

#### **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:**

2/11/20

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

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

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

##### *Reasons for considering exercising the break clause in the GLA's City Hall lease now*

- 1.1. The GLA has been based in City Hall by Tower Bridge for almost twenty years. Purpose-built for the GLA, the building has served three Mayors and the London Assembly.
- 1.2. The GLA leases City Hall from St Martins Properties Investments Limited (hereafter St Martins), on terms originally contracted by central government and subsequently transferred to the GLA. The lease was granted for 25 years in December 2001 but allows for one break on the 20th anniversary in 2021, as long as notice is served on or before 25 December 2020. This is the only opportunity that the GLA has to vacate City Hall prior to expiry of the lease in 2026; if exercised the lease would terminate on 24 December 2021. MOPAC's staff are also accommodated at City Hall under a licence arrangement with the GLA.
- 1.3. The GLA also leases space currently at the London Fire Brigade's HQ in Union Street to supplement space at City Hall. Details of the current lease costs at Union Street are set out in Part 2 of this Mayoral Decision.
- 1.4. The Mayor's Budget Guidance, issued in late June 2020, set out that the GLA Group faces a forecast financial shortfall over the current and next financial years of up to £493m. No data has subsequently emerged to suggest that the shortfall will be materially less than £493m.
- 1.5. Prior to COVID-19, and recognising the substantial cost incurred across the GLA Group on office accommodation, a GLA Group Estates Strategy was under development. It sought to plan a path to lower costs over time, driven by reducing the number of buildings occupied by organisations across the GLA Group and by co-locating staff from different organisations in some of them. Central to the strategy was a proposed shift out of leased property, when contracts allow this, into property already owned within the GLA Group, or that could sensibly be acquired, to maximise savings to the Group overall. While the GLA Group Estates Strategy team had included the 2026 expiry of the City Hall lease in their modelling, they had not actively considered exercising the 2021 break, as the deadline for giving notice was only months away and it was not intended to finalise and approve the Strategy until after the expected May 2020 GLA elections.
- 1.6. Office-based staff in each GLA Group organisation have now worked exclusively or largely at home for the last six months. The Mayor, the Assembly and the GLA have all operated effectively. COVID-19 has reset the basis on which the GLA Group will calculate its future overall accommodation requirements. While the GLA Group Estates Strategy is now being revised based on this, its key principle of moving out of leased property when possible holds.
- 1.7. In this context, and in light of the current total City Hall annual cost of £15.5m even before staffing costs (rising to £17m a year from 2021 given current contractual obligations), the Mayor is invited to agree to terminate City Hall's lease five years early, and in doing so minimise internal GLA running costs and focus expenditure on safeguarding frontline services and supporting Londoners.

##### *Relocation options available within the GLA Group Estates Strategy*

- 1.8. The GLA Group Estates Strategy is based on the principles of reducing the GLA Group's overall floorspace by exiting leasehold properties and accommodating organisations in the Group in a number of freehold properties which will increasingly become shared locations. Pre COVID-19,

the two leasehold exits already being considered were from Union Street (currently leased by the London Fire Brigade) in 2027 and Pier Walk (currently leased by TfL) in 2029. If exercised, these will deliver significant savings. But COVID-19 has also brought into play a possible early exit from the GLA's lease at City Hall and the GLA's subsequent relocation into a building ideally owned by or if not leased elsewhere in the GLA Group.

- 1.9. However, any proposed alternative should be a building (or buildings) fit to be the home of both the Mayor and the Assembly, either with or with easy access to an appropriately-equipped auditorium for meetings of the Assembly, a suite of large meeting rooms, sufficient office space, and the space required to host the full range of events and other activities which Londoners and stakeholders have come to expect from the GLA. Within the GLA Group Estates portfolio there are four buildings which could offer some or all of these. Appendix 1 details these buildings and assesses them at a high level against the GLA's requirements. In summary:

The Crystal	<ul style="list-style-type: none"> <li>• At the Royal Docks in the London Borough of Newham</li> <li>• Owned by GLA Land and Property Ltd (GLAP), the GLA's commercial development subsidiary</li> <li>• 270-seat theatre; some office space; significant public space previously used as an exhibition venue</li> </ul>
Union Street	<ul style="list-style-type: none"> <li>• Located centrally in the London Borough of Southwark</li> <li>• Leased by the London Fire Brigade until 2027, and any extension to this would not be in line with the GLA Group Estates Strategy</li> <li>• No public access, theatre or event space</li> <li>• Significant meeting and office space</li> </ul>
Palestra	<ul style="list-style-type: none"> <li>• Located centrally in the London Borough of Southwark</li> <li>• Leased by TfL until 2036</li> <li>• No public access, theatre or event space</li> <li>• Significant meeting and office space</li> </ul>
Pier Walk	<ul style="list-style-type: none"> <li>• Located across the River Thames from The Crystal, in the Royal Borough of Greenwich</li> <li>• Leased by TfL until 2029</li> <li>• No public access, theatre or event space</li> <li>• Limited available office space</li> </ul>

- 1.10. The relocation proposal launched by the Mayor on 24 June 2020 is at Appendix 2. It proposed a relocation of the GLA to The Crystal at the Royal Docks, the building which most closely meets the GLA's distinctive requirements, supplemented by additional office space at Union Street and Palestra. The Mayor also proposed that MOPAC staff move with GLA staff. This move was estimated to deliver savings of £55m for the GLA Group over five years, compared to the costs of the GLA remaining in City Hall for the remainder of its current lease in 2026. This savings calculation took account of the total cost of the relocation, assumed to be £8m. In addition, the proposed move was also expected to support the ongoing regeneration of the Royal Docks, by raising the area's profile among Londoners, nationally and internationally.
- 1.11. The Mayor made it clear in his proposal that he expected officers to see whether St Martins, the GLA's landlord at City Hall, would be prepared to offer improved terms for its continued occupation of City Hall, should the GLA not exercise the forthcoming lease break.
- 1.12. The work undertaken since June 2020 has included: refining the costs and better understanding the risks of relocating to The Crystal as proposed; understanding the willingness

of the GLA's City Hall landlord to offer improved contractual terms were the GLA to remain at City Hall; understanding and taking into account the response of Assembly Members and GLA and MOPAC staff to the consultation; and considering and assessing other feasible options which have arisen from these. This detailed work has confirmed and strengthened the original estimate of GLA Group-wide savings of £55m over five years, with GLA Group-wide savings now estimated at £61m over five years.

1.13. This has resulted in the four options laid out in this paper for consideration by the Mayor.

*Consultation with the Assembly and GLA and MOPAC staff – process and outcome*

1.14. On 24 June 2020, the Mayor launched a consultation into his relocation proposal with the London Assembly, GLA and MOPAC staff, Unison and PCS (the recognised trade unions at the GLA and MOPAC, respectively). This consultation set out that over five years there would be forecast Group-wide savings of £55m, and savings to the GLA of £31.5m. As set out in this paper, although these original figures have been shown to underestimate the expected savings, officers now consider it more appropriate to assess options over longer periods of time, with the central analysis focusing on ten years.

1.15. The consultation period with the London Assembly ran until 19 August 2020, and as part of the consultation senior GLA officers and the Mayor's Chief of Staff met with Assembly Members several times. The Assembly's response to the relocation consultation at Appendix 3 makes it clear that the Assembly is opposed to the move from City Hall to The Crystal on a range of grounds. Detailed dialogue has continued with the Assembly since, including with the Mayor directly at the GLA Oversight Committee on 7 October 2020.

1.16. Significant work has been undertaken to take account of the Assembly's key concerns and requests, specifically that the Mayor considers:

- remaining in the current City Hall on the best possible terms that can be negotiated with the GLA's current landlord – this is Option 1;
- reducing the overall workspace required by the GLA as a result of increased levels of remote working – this underpins all four options;
- making other uses of The Crystal other than as the new City Hall – two of the four options in this paper assume The Crystal is leased to a third party; and
- taking additional space at Union Street and locating the Assembly and its staff there – this is incorporated into Option 2 (see paragraphs 1.41 and 1.42 below) and into Options 2A and 3.

1.17. Additionally, the information gaps which the Assembly identified in its consultation response have already been answered in dialogue or are covered in this paper.

1.18. The consultation with GLA and MOPAC staff closed on 5 August 2020. Over 400 responses were submitted. During the same period a survey of GLA staff was undertaken to understand how willing and able staff would be to work remotely more often post COVID-19. At the same time a piece of work was undertaken to understand the impact a move to The Crystal from the current City Hall would have on the commuting times and commuting costs of GLA and MOPAC staff.

1.19. A summary of the response of GLA and MOPAC staff to the relocation consultation is at Appendix 4. Some staff support a move to The Crystal, given the contribution such a move would make to the GLA Group's and GLA's savings targets, and in doing so would help protect funding for frontline services and jobs at the GLA and across the Group. Some other staff support a move to the Royal Docks specifically to contribute directly to placemaking and

regeneration as the GLA did originally at its current location. However, there are concerns among staff about the impact of The Crystal's location on commuting distances and times, as well as the attractiveness of the location and the extent of its local services. In the main, staff were looking for clarification on a wide range of issues – some of which cannot be clarified until after the decision on whether or not to move has been made. A question raised by many staff was whether the GLA could provide more local workspace for people whose home circumstances do not make working from home easy. This is an option we are exploring with TfL in the first instance, with some promising prospects.

- 1.20. The Mayor's proposal assumed that staff would be working from GLA buildings on average two to three days a week. A follow-up survey of GLA staff was undertaken to ascertain their appetite for remote working in the future. The results of this survey (at Appendix 5) demonstrate a considerable appetite for remote working among our current GLA staff when they consider a time when we can return to our buildings:

Desired frequency of working remotely	% GLA staff
Never	2
1-2 days a week	14
2-3 days a week	27
More than 3 days a week	57

MOPAC staff did not complete this survey, but MOPAC's leadership team is clear that in this matter the views of MOPAC staff are very similar.

- 1.21. A summary of the analysis of the impact on GLA staff's commuting times and costs to The Crystal is at Appendix 6A. It shows that 81% of GLA staff who would need to travel to The Crystal in the future would have increased journey times, with the average journey time increasing from 53 minutes to 65 minutes. 30% of GLA staff would have extra travel costs of an average of £150 per year. The analysis is relatively high level – based on weekly travel cards – when the reality is that this is not the most cost-effective mode of payment and very few members of staff are likely to travel all five days going forward. Neither times nor costs take account of the Elizabeth Line which would significantly reduce travel times for some staff – and those coming in from west London in particular – when opened. This analysis will be revisited once it is clearer which teams will be anchored where in the future and which individuals are most affected by increased costs. These will be looked at, case by case. A summary of the analysis of the impact on MOPAC staff's commuting times and costs of a move from City Hall is at Appendix 6B. Headline results from the analysis of the impact on MOPAC staff's commuting times and costs were similar, although the buildings involved in their analysis were different, given the role of the Empress State Building and Newlands Park in their current and future accommodation.

#### *Appraisal of four options for consideration by the Mayor*

- 1.22. In light of the feedback from Assembly Members and GLA and MOPAC staff during the consultation period and since, four options for the GLA's future location have been assessed in terms of the financial impact and other impacts and risks:

1	Stay at City Hall on a new 10-year lease until 2031 with an option to extend for a further five years; at the same time give up our current space in Union Street; rent The Crystal to a third party.
2	Leave City Hall and relocate permanently to The Crystal; occupy two floors at Union Street in addition to The Crystal based on the London Fire Brigade's certain lease term until 2027; with appropriate accommodation provided for the London Assembly across the two sites.

2A	Leave City Hall and occupy two floors at Union Street based on the London Fire Brigade's certain lease term until 2027 and one-and-a-half floors at Palestra; use the chamber, meeting rooms and public event space at The Crystal.
3	Leave City Hall and occupy two floors at Union Street based on the London Fire Brigade's certain lease term until 2027 and one-and-a-half floors at Palestra; rent a suitable chamber, meeting rooms and public event space in walking distance of Union Street; rent The Crystal to a third party.

- 1.23. Appendix 1 to Part 2 of this Mayoral Decision lays out the financial implications, and underpinning assumptions, of each of these options for the GLA Group and the GLA. Each option has been evaluated against the current assumption in the GLA's budget planning – that the GLA 'does nothing' and stays on its current contractual terms at City Hall. This appendix also includes a detailed reconciliation of the £55m savings over five years forecast in the Mayor's original proposal to the forecast savings of £61m over five years in this paper.
- 1.24. It is important to note that although the assumptions on rental values reflects advice from independent valuers, it is extremely difficult to evaluate the ongoing impact of the COVID-19 pandemic on rental values. In addition, the ability of both the London Fire Brigade and TfL to sub-let space in Union Street and Palestra is constrained by lease agreements. They can accommodate other organisations from within the GLA Group, but not from elsewhere, without further reference to their landlords who, however, cannot unreasonably withhold approval.
- 1.25. A further important consideration is the prospect and value of securing another occupier for The Crystal or even the prospect of selling it, although this would be counter to the GLA Group Estates Strategy. Appendix 2 to Part 2 of this Mayoral Decision lays out an assessment of the potential future uses of The Crystal given the local planning context and its resulting sale and rental values.
- 1.26. It is proposed that MOPAC remain the GLA's internal tenants under all these options and that the GLA will grant MOPAC equivalent space as under the current licence agreement under the relocation options. In order to give the GLA vacant possession of City Hall, MOPAC's current licence and those of other tenants, such as the Mayoral charities, will need to be terminated.

#### Option 1 – stay at City Hall

- 1.27. Option 1 is to stay at City Hall on a new 10-year lease until 2031 with an option to extend for a further five years; at the same time give up our current space in Union Street in light of increased levels of remote working; and rent The Crystal to a third party.
- 1.28. City Hall is a premium, but expensive location. The GLA currently pays £7.9m in rent each year, which rises to £9.4m from 2021 under the GLA's current lease terms. Total direct running costs excluding staffing are currently £15.5m. These will rise to £17m as a result of increased rent, even if all other running costs remain the same. This is more than 10% of the GLA's total discretionary revenue spend. The average annual income from hiring out event space at City Hall is approximately £0.2m per annum and does little to reduce the GLA's costs.
- 1.29. St Martins have confirmed that the City Hall freehold is not for sale, and in doing so removed any option of the GLA considering acquiring the building.
- 1.30. However, with the support of senior officers from TfL's Commercial Development team, and a constructive approach from St Martins, the GLA now has a final offer, subject to contract, for revised rental terms for the remaining five years of the current City Hall lease, as well as rental terms for new leases of 10 and 15 years from 25 December 2021. The detail of these offers, the associated correspondence with the St Martins and a final report from TfL's Director of Commercial Development are laid out in Part 2 of this Decision as they are commercially confidential.

- 1.31. GLA officers, supported by advice from the TfL Commercial Development team and independent valuers, recommend that the Mayor considers the offer for a new 10-year lease at City Hall, with the ability to stay on for a further five years if desired, as one of the location options now open to the GLA. There is little to no point limiting a new agreement to five years as we would need to begin discussions on the location of City Hall again in fairly short order, however detailed figures are set out in this decision to ensure consistency with the basis of the consultation in June; a 15-year deal, however, risks significant increases to repair and maintenance costs as City Hall ages – risks which are not taken sufficiently into account in the offer the GLA has received.
- 1.32. The results of the survey of staff's appetite for remote working in the future demonstrate that it is reasonable for the GLA to plan for staff to come into the office on average only two to three days a week. This confirmation has been used to firm up the number of workspaces the GLA and MOPAC will require in the future, assuming establishment numbers do not increase, as seems unlikely. As the calculations in Appendix 7 demonstrate, it is reasonable for the GLA to now plan on providing c. 575 workspaces (a mixture of fixed positions and flexible shared spaces) across its buildings. The calculated workspace requirement includes MOPAC. This should be sufficient as long as staff attend evenly across the week, which would need to be managed actively in a change to current practice.
- 1.33. This figure of c 575 workspaces in the future underpins all four options in this paper. The impact on this option is to remove the need for the GLA to lease any space in Union Street in the future and this option assumes that the GLA surrenders its lease there in March 2021.
- 1.34. The combined impact of a new City Hall lease at improved terms and the surrendering of the GLA's current sub-lease at Union Street when it expires in March 2021 results in the following savings:

Savings, £m	5-year	10-year	15-year
GLA	26	65	77
GLA Group	24	62	73

- 1.35. The advantages of staying at City Hall are:
- financial savings of £62m to the GLA Group over ten years compared with the GLA's current contractual terms;
  - no loss of the current iconic location and no risk of any change in perception of the status of London government arising from a move from the current location;
  - the Mayor, the Assembly and all GLA staff based in one building;
  - no changes to the current arrangements for the Mayor, Assembly, GLA staff, or anyone who regularly visits City Hall;
  - no relocation works or costs for the next decade and therefore no risks of works not being completed to time and/or costs increasing beyond budget; and
  - the Crystal is available for lease to a third party and generation of income for the GLA Group.

1.36. The disadvantages of staying at City Hall are:

- materially smaller savings than those presented by some other options, in large part due to the premium associated with City Hall's current location reflected in the landlord's full and final offer;
- uncertainty about value for money across the new 10-year lease given the still-uncertain impact of COVID-19 on market rents, although St Martins have offered some protection around further drops in market rent levels over the period;
- the GLA's repair and maintenance costs at City Hall are already significant and are likely to increase over the next 10 years;
- serious longstanding issues with flooding and the façade remain at City Hall; while St Martins Group has committed to works to resolve the flooding issues, they have declined to make allowance for the costs of correcting the problems with the façade;
- ongoing vacancy in the GLA Group estate as, given the impact of COVID-19, there is no guarantee that suitable tenants could be found for the space that the GLA Group is committed to rent until 2027;
- no guarantee, post-COVID-19, of a third party taking a lease at The Crystal; and
- a missed opportunity to contribute to the Royal Docks' regeneration.

Option 2 – leave City Hall and relocate permanently to The Crystal with additional accommodation at Union Street

- 1.37. Option 2 is to leave City Hall and relocate permanently to The Crystal; occupy two floors at Union Street in addition to The Crystal based on the London Fire Brigade's certain lease term until 2027; with appropriate accommodation provided for the London Assembly across the two sites if that is the Assembly's wish. The Mayor would be based at The Crystal and would have no other office elsewhere.
- 1.38. The Crystal, at the Royal Docks in the London Borough of Newham, was opened in 2012, having been commissioned by Siemens as an exemplar of sustainable design. The building has been owned since 2016 by GLA Land and Property Limited (GLAP), a subsidiary company of the GLA. The GLA's Royal Docks team is located at The Crystal, but the building has otherwise been almost empty since Siemens moved out last year. While City Hall was purpose-built for the GLA, with the respective needs at the time of the Mayoralty and the London Assembly in mind, The Crystal, in contrast, was designed as an exhibition venue, with a 270-seat theatre and some ancillary office space.
- 1.39. This option is similar to, but not the same as the proposal originally consulted on by the Mayor. The original proposal assumed that The Crystal would be equipped with the chamber, meeting rooms and public event space required at the seat of London's government and that the Mayor, the Mayor's Office, the Assembly, the Assembly Secretariat and the Royal Docks team would be anchored there. The Mayor's proposal also assumed that the GLA would retain its current space in Union Street, as well as take a floor in TfL's Palestra building in Southwark.
- 1.40. The original proposal has been reviewed in light of the recalculation of the GLA's future workspace requirement and feedback from the Assembly and staff. Given the reduction in workspaces required it is reasonable to assume that the GLA could now manage with reduced space by anchoring more staff at The Crystal and taking on now-available space on an additional floor at Union Street rather than the floor space at Palestra as originally proposed.

Heads of terms will need to be agreed with the London Fire Commissioner, subject to the rent review in Union Street in December 2020.

- 1.41. At the same time, and in response to the Assembly's response to the consultation, GLA officers recommend to the Mayor he considers giving the Assembly the choice to locate itself and its staff at Union Street rather than at The Crystal with the Mayor, should Assembly Members wish to do so. Were this option favoured by the Mayor, then the GLA Chief Officer will authorise it under delegated powers and rethink the use of the space at The Crystal originally allocated to the Assembly and reassign it to other GLA teams. At the same time, sufficient flexibility will be retained in the design of the office floors at The Crystal should Assembly Members decide at a later point to locate themselves at The Crystal instead.
- 1.42. This would mean that the Assembly and its staff could be based at Union Street for office purposes, while holding all its public meetings at The Crystal, with the attendant implications regarding travel between sites. This would address the concerns of Assembly Members of not being in a central London location but ensure that The Crystal is still the home of the Mayor, the Assembly when in session and GLA and MOPAC staff. In this case the office arrangements planned at The Crystal for Assembly party groups would be instead created at Union Street at an estimated additional cost of £0.75m which is not included in the costings in this paper and would need to be funded were these arrangements to be pursued.
- 1.43. More detailed work has been done on the respective costs of City Hall and The Crystal. The Crystal is smaller than City Hall and in a location that attracts considerably lower rents and rates. As a newer building it is also expected to cost less in repair and maintenance and in running costs. This table makes clear the difference in the current annual costs of the two buildings (excluding staffing):

<b>Annual £m based on 2020-21 budgeted figures</b>	<b>City Hall</b>	<b>Crystal</b>	<b>Savings</b>
Rent	8.0	1.7	6.3
Rates	2.7	0.4	2.3
Service charge	0.4	0.0	0.4
Gas/electricity/water	0.6	0.3	0.3
Building maintenance and management fees	1.5	0.7	0.8
Capital maintenance	0.8	0.0	0.8
Broadcast	0.7	0.7	0.0
Other	0.8	0.6	0.2
<b>Total</b>	<b>15.5</b>	<b>4.4</b>	<b>11.1</b>

- 1.44. It is expected that The Crystal will generate the same levels of income from the hiring of space for events that the GLA has achieved in recent years at City Hall. The differences in the respective costs translate into considerable differences and therefore savings over time.
- 1.45. Significant further work has also been done to ascertain in detail the work required to reconfigure The Crystal to meet the needs of the Mayor and the Assembly. This work has confirmed the Mayor's view in his original proposal that it would be relatively straightforward to reconfigure The Crystal appropriately. The plans in Appendix 3 to Part 2 of this Mayoral Decision, which have been discussed with Assembly Members, demonstrate that the building can provide the chamber, meeting room and public event space the GLA requires, which was a concern the Assembly had expressed. The capacity of the chamber at The Crystal would be 150 public seats (rather than 250 public seats at City Hall now) as a result of the need to remodel the current auditorium at The Crystal to provide a chamber floor of the size required to accommodate the full Assembly and guests, as well as to build in the security measures required. However, this new capacity is deemed to be sufficient. The two office floors would provide good accommodation for Assembly party groups and their staff – although not the

private offices for Assembly Members as at City Hall now – for other Assembly staff, and for the Mayor and his staff.

- 1.46. The Crystal was designed to achieve BREEAM Outstanding. With construction being completed under ten years ago, the relocation of City Hall provides the opportunity to further modernise the building and ensure its continued sustainability and energy efficiency.
- 1.47. The estimated costs of reconfiguring The Crystal have increased from £5m to £10m, on account of two key reasons:
- £1m of the increase arises from the works now proposed to the current auditorium to remodel it into a chamber which fully meets the needs of the Assembly in terms of floor space, access and security in light of on-site discussions with Assembly Members. A greater allowance for professional fees is also now included.
  - £4m of the increase arises from the improvements that would be required in relation to security. The Crystal has a number of important protective measures already in place, but now that these are fully understood we need to allow for the costs of further external and internal enhancements to these. In particular, these now include costed highways works to control vehicular access near the building.
- 1.48. The cost of moving out of City Hall has dropped slightly to £2.5m as we now estimate £1.5m in IT costs, covering both the move out from City Hall and the moves into The Crystal and Union Street.
- 1.49. Total one-off costs are therefore now estimated at £14m rather than £8m as originally assumed. A contingency allowance of £3.5m (25% of project costs) has also been allowed for, as is standard practice. The new estimate of one-off costs is detailed in Appendix 8.
- 1.50. As the GLA Group owns The Crystal, there is no limit on how long the GLA may choose to occupy it. Savings offered by this option are shown here for 10- and 15-years – to show a direct comparison with staying at City Hall on improved terms; but the lower costs of The Crystal would be guaranteed for considerably longer:

<b>£m savings</b>	<b>5-year</b>	<b>10-year</b>	<b>15-year</b>
<b>GLA</b>	47	97	151
<b>Group</b>	61	126	194

- 1.51. The London Fire Brigade's lease at Union Street expires in 2027 and it is the GLA Group's intention to ensure this remains an opportunity for savings in the context of the wider GLA Group. All options in this paper, other than the option to stay at City Hall, rely on Union Street to some extent. It is assumed for costing purposes that the GLA will replace its occupied space at Union Street in 2027 with space at a similar rental cost elsewhere in the GLA Group. Co-location of some GLA teams over time with other GLA Group teams as a result of increased collaboration is likely to reduce the relocation requirement when the Union Street lease expires.
- 1.52. The London Borough of Newham is one of the most disadvantaged boroughs in London and one of the most diverse in terms of faith and ethnicity. The Royal Docks is an area undergoing significant growth and regeneration supported by an ambitious publicly funded investment programme, sponsored by both the Mayor of London and the Mayor of Newham. The relocation of City Hall to The Crystal will support this growth and accelerate regeneration and economic activity in line with the Mayor's Good Growth principles including (i) supporting the city's public and civic spaces that allow for vitality and change and (ii) ensuring London

remains resilient to climate change through the use of sustainable buildings and cleaner energy.

- 1.53. A move of City Hall would give confidence to the development market about the Royal Docks as a place for investment. Within the Docks there are three significant development schemes led by Lendlease, ABP and London & Regional, as well as a further ten projects all of which will be encouraged to continue to invest in what are uncertain times.
- 1.54. The move would also give the Enterprise Zone programme itself a significant vote of confidence. Practically it is likely to help with project delivery – offering additional pressure to ensure infrastructure and curtilage development happens in good time and to a good quality. Strategically it is likely to support the retention of some projects that could have been considered vulnerable. It offers an added dimension to the identity of the place and should accelerate delivery across the programme. Appendix 9 details the economic case for the relocation of City Hall to The Crystal more fully.
- 1.55. Advantages of relocating to The Crystal are:
- a permanent home for the Mayor, Assembly and GLA and certainty about our location and financial obligations for the long-term;
  - an option for the Assembly and its staff to be located centrally;
  - GLA Group-wide savings of £126m over 10 years and £64m over and above those achieved by staying in City Hall, even on improved terms;
  - one-off costs paid back reasonably quickly, despite an increase in one-off costs;
  - contribution to ongoing development at the Royal Docks by raising its profile among Londoners, nationally and internationally; and
  - if it transpires that contractual rent levels are higher than market rents at any point in the term, the beneficiary is another organisation in the GLA Group, not a third party, and the Mayor could reallocate resources between organisations to reflect this.
- 1.56. Disadvantages and associated risks of relocating to The Crystal are:
- it is dependent on planning permission for change of use at The Crystal;
  - the schedule for delivering changes at The Crystal is very tight, which could require the GLA to hire temporarily an auditorium, meeting rooms and public event space if works at The Crystal cannot be completed on time;
  - COVID-19 could cause delays to the construction timetable directly or on account of problems created in the supply chain;
  - costs could be greater than we anticipate (equally, they could be below budget); and
  - a perception among some that the status of London government is diminished by relocating from our current location.

Option 2A – leave City Hall; keep all offices in central London; use The Crystal as civic space only

- 1.57. Option 2A is a development of the proposals originally consulted on by the Mayor in response to feedback. This option is to leave City Hall and occupy two floors at Union Street and one-and-a-half floors at Palestra; appropriate office accommodation is to be provided for the Assembly across the two sites. The key difference compared to Option 2 is that The Crystal is

used for civic purposes and public meetings and as a public event space only rather than used for office accommodation as well.

- 1.58. Under this option the GLA continues to use office space located wholly in central London for the Mayor, Assembly Members and all GLA staff (other than the Royal Docks team), using The Crystal only for its chamber, meeting rooms and public event space. This retains the Mayor, Assembly and all GLA staff in very close proximity and close to the current City Hall location; it also provides certainty around the availability of a chamber, meeting rooms and event space when the Mayor, Assembly and GLA need it – equipped to the right standard and with the appropriate security arrangements in place. It also keeps open the option of The Crystal as a full City Hall in the long-term should other alternatives not be available when the Union Street lease expires.
- 1.59. It may be possible to use under-utilised space in The Crystal for GLA Group functions such as training. This will be subject to the ongoing review of training resources across the GLA Group estate. There may also be the possibility of some conference trade as The Crystal has achieved such business in the past, although this would need to be marketed and managed and so would have resource implications.
- 1.60. This option also delivers material savings:

<b>£m savings</b>	<b>5-year</b>	<b>10-year</b>	<b>15-year</b>
<b>GLA</b>	39	79	121
<b>GLA Group</b>	59	120	186

- 1.61. Advantages of this option are:

- GLA Group-wide savings of £120m over 10 years, £59m over and above those achieved by staying in City Hall, even on improved terms;
- one-off costs paid back reasonably quickly;
- central London locations retained for Mayor, Assembly and GLA staff in very close proximity and close to the current City Hall location;
- guaranteed access to chamber, meeting room and public event space at The Crystal;
- it retains The Crystal as a longer-term option for the GLA; and
- other rental income possible from letting out Crystal facilities.

- 1.62. Disadvantages and associated risks of this option are:

- only a small additional benefit to the GLA when compared to staying at City Hall on improved terms, as this option incurs maximum costs across three buildings without fully utilising the space we are paying for;
- possible confusion about the location of City Hall;
- Mayor and Assembly not located where the GLA's public meetings will be held;
- the separation of office accommodation and meeting and event space is likely to cause diary and time management issues and increase security risks; and

- does not contribute to the profile and footfall at The Royal Docks in the way originally proposed or maximise the opportunity of The Crystal to do this.

Option 3 – leave City Hall; keep all offices in central London; rent civic space from others

- 1.63. Option 3 is a development of the proposals originally consulted on by the Mayor in response to feedback. This option is to leave City Hall and occupy two floors at Union Street and one-and-a-half floors at Palestra; rent a suitable chamber, meeting rooms and public event space elsewhere; and rent The Crystal to a third party.
- 1.64. The only two buildings in the GLA Group estate which offer access to a chamber, meeting rooms and space for a substantial programme of stakeholder and public events are City Hall and The Crystal. Neither Union Street nor Palestra are suitable for general public access and, even if they were, neither have the space suitable for a chamber which allows for appropriate security arrangements or the space we would need for the GLA's programme of stakeholder and public events. This situation will not change in the foreseeable future.
- 1.65. However, the GLA could consider leaving City Hall in 2021 to save costs and accommodating the Mayor, Assembly and GLA staff in other buildings in the GLA Group estate while sourcing an auditorium and other large meeting rooms, all with adequate broadcasting facilities, as well as guaranteed access to space for the GLA's programme of stakeholder and public events.
- 1.66. There are a number of cultural and other institutions with auditoria and other facilities that could potentially suit the GLA's needs. However, we would need these facilities within walking distance of Union Street and Palestra if this is going to be a workable option, which narrows the field. We would need to be satisfied with the security arrangements at any possible venues. Broadcasting facilities may not meet our current standards and we may well have to agree a reduction to these. There would almost certainly be a reduction in the Assembly's flexibility to hold meetings at short notice, and a risk of distraction from other events occurring in the building.
- 1.67. A medium-term agreement for the use of a location within walking distance of Union Street and Palestra would best meet the GLA's needs under this option. Issues of availability, security and planning permission all arise and current closures on account of COVID-19 have made any discussions at a meaningful level of detail difficult, but there are at least two potential venues which could be explored further.
- 1.68. This option also produces material savings:

<b>£m savings</b>	<b>5-year</b>	<b>10-year</b>	<b>15-year</b>
<b>GLA</b>	48	100	151
<b>GLA Group</b>	69	141	216

- 1.69. Advantages of this option are:

- savings over and above those achieved by staying in City Hall on improved terms;
- one-off costs paid back quickly; and
- the Mayor, Assembly and GLA staff all based in close proximity close to the current City Hall location, subject to agreement to the use of chamber, meeting room and public event space very nearby.

1.70. Disadvantages and associated risks of this option are:

- access to the one available permanent home for the GLA is given up;
- no location which anyone can identify as City Hall, with no space open to the public, leading to an impression of a lack of accessibility and transparency for Londoners;
- the Mayor and Assembly not located where the GLA's public meetings will be held;
- the separation of office accommodation and meeting and event space is likely to cause diary and time management issues and increase security risks;
- no guarantee that a hired chamber, meeting room and public event space would be obtained within walking distance of our offices;
- uncertainty that the hired chamber, meeting room and public event space would meet the GLA's needs, including security considerations, and that we could secure priority usage at all required times;
- considerable GLA funds (in the order of £40m until 2027) are spent renting office space as well as chamber, meeting room and public event space without gaining an asset in exchange (contrary to the GLA Group Estates Strategy) and which would not be necessary were the GLA to relocate to The Crystal; and
- while this may be a reasonable short-term solution, our core assumption should be that the GLA needs a permanent home in the medium to long-term. If the Mayor and Assembly were to assume there should be a permanent home for London government, such a sum should be included in the overall assessment of this option to make it comparable with Options 1 and 2. If so, this option is no longer the option which would produce the highest level of savings.

*Recommendation*

- 1.71. Officers consider Option 2 offers the best overall option taking into account value for money for the GLA Group as a whole and the other considerations discussed above once the opportunity costs associated with Option 3 (described immediately above) are considered. What is more, Option 2 will deliver material savings to the GLA Group and the GLA beyond 15 years as, unlike any of the other options it addresses the GLA's accommodation requirements on a permanent basis.
- 1.72. Based on the analysis set out in this paper, it is recommended that the Mayor approves Option 2. Therefore, it is recommended that the Mayor agrees in principle that notice is given in due course to exercise the break clause in the GLA's lease on City Hall, with the GLA Chief Officer being delegated authority to actually serve the notice on or before 25 December 2020, terminating the GLA's lease on 24 December 2021. The Mayor is asked to delegate to the GLA's Chief Officer and MOPAC's Chief Executive, where appropriate, to take all necessary or expedient steps to relocate from City Hall to The Crystal, while retaining space across two floors at Union Street.
- 1.73. The relocation of the GLA to The Crystal is dependent on securing planning permission from the London Borough of Newham for a change of use at The Crystal from an exhibition centre, as now, to a civic centre. It is currently expected that the GLA's application will be determined at a meeting of the London Borough of Newham's Planning Committee on 8 December 2020.

Should a resolution to grant permission not be secured then, officers will provide further advice to the Mayor, informed by the situation at the time and invoke a contingency plan.

- 1.74. Delivering the programme of works required at The Crystal in the time available is going to be very challenging. City Hall will need to be returned to the St Martins Group with vacant possession by 24 December 2021, meaning that all GLA and MOPAC functions and staff will need to be relocated before then. Full contingency plans will be needed for any delay to the completion of works at The Crystal. Option 3 described in this paper offers a good basis for the development of such contingency plans. These will be worked up in detail once the Mayor has taken his decision and will cover a range of options depending on the reason and duration for any possible delay to the programme at The Crystal.

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

- 2.1. The objective of this report is to set out the necessary information for the Mayor to make a decision on the relocation of City Hall. The expected outcome is that this decision will generate material savings to the GLA Group which will contribute towards the savings targets the Mayor has set in his Budget Guidance. At the same time the decision will also provide a permanent new home for London government that meets the requirements of the Mayor and the London Assembly on a sustainable basis, while contributing towards the Mayor's objectives for the regeneration of the Royal Docks.

## **3. Equality comments**

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to:

- eliminate unlawful discrimination, harassment and victimisation; and
- advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.

- 3.2 Section 149 of the Equality Act 2010 provides as follows

- 1) A public authority 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 this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic<sup>1</sup> 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) 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 –

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<sup>1</sup> Protected characteristics are: age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only). In line with best practice, the impact on groups who also have the potential to be socially excluded are also considered.

- 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;
  - 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.
- 4) 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' abilities.
  - 5) 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 –
    - a) tackle prejudice, and
    - b) promote understanding.
  - 6) Compliance with the duties in this section 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 this Act.

3.3. Separate Equality Impact Assessments (EqIAs) covering the likely negative and positive benefits of a move to The Crystal for GLA and MOPAC staff with protected characteristics have been completed. These are detailed at Appendices 10A and 10B. They demonstrate that there are negative and positive impacts for each group, alongside mitigations where there are negatives. The assessments have been developed in consultation with the recognised trade unions and staff networks. In high level terms the EqIA's findings include:

- **Age:** Both potential positive and negative impacts for both younger and older groups of individuals. The potential positive impacts identified are increased flexibility and ability to work from home, which may have cost benefits. There are also potential health benefits for those older individuals who may be more vulnerable to COVID-19, should there still be occurrences in the future. The potential positive impact regarding flexibility of a range of locations, would not be applicable to GLA staff under Option 1, as when working in the office all GLA staff would be in one office location, the current City Hall.

Potential negative impacts identified are related to younger individuals who may not have suitable home environments, not being supported by their line manager to work from home, or being adversely impacted by increased commuting costs. The potential negative impact of not being supported to work from other workplace locations, may be reduced under Option 1, as when working in the office all GLA staff would be in one office location, the current City Hall. There are clear actions which can be taken to minimise these identified negative impacts.

- **Disability:** While both potential positive and negative impacts have been identified, there are a wide range of disabilities and therefore it is important to note that the experience will be varied and unique to each individual.

It was identified that greater flexibility and choice in work location, travel arrangements and hours of work may have a positive impact on individuals with disabilities, and also those who are currently shielding due to COVID-19, should there still be occurrences in the future.

There are a number of potential negative impacts identified, related to commutes and workplace environments. However, with a person-centric approach to reasonable adjustments, clear actions can be taken to minimise the negative impact for individuals.

- Gender reassignment: A small number of potential positive and negative impacts have been identified, related to awareness raising, and there are clear actions which can be taken to minimise the negative impacts.
- Marriage and civil partnership: None identified.
- Pregnancy and maternity: Both potential positive and negative impacts have been identified.

Potential positive impacts are greater flexibility in travel arrangements and increased working from home, which help with nursery or care provision, medical appointment/ante-natal care.

There are a number of potential negative impacts including issues with care provision for dependants related to changing commutes, ability to locate suitable areas for desk-based work due to late start times, and access to breastfeeding facilities. There are clear actions which can be taken to minimise the negative impacts.

- Religion or belief: A limited number of potential positive and negative impacts have been identified, related to the ability to undertake religious observances. There are clear actions which can be taken to minimise the negative impacts.
- Race: Both potential positive and negative impacts have been identified. Potential positive impacts are increased working from home, which would support some BAME individuals to minimise their external travel, should there be still be occurrences of COVID-19 in the future.

Several potential negative impacts have been identified, which are related to the Ethnicity Pay Gap data. Whilst there are broader actions already underway related to addressing the Ethnicity Pay Gap, specific to this proposal, there is clear action which can be taken to minimise the negative impacts.

- Sex: Both potential positive and negative impacts have been identified, which are related to women statistically taking on a higher proportion of caring responsibilities (ONS, 2016 research), and that within the GLA it is mainly women who work part time (less than 37 hours). But we recognise this is not only limited to women. There are clear actions which can be taken to minimise the negative impacts.
- Sexual orientation: None identified.

## **4 Other considerations**

- 4.1. The risks to delivery of each of these options also need to be considered, given that if the GLA was to exercise the lease break the GLA and MOPAC would need to vacate City Hall fully by the end of December 2021.

### *Option 1 – stay at City Hall*

- 4.2. The key risks associated with this option are as follows:

- though difficult to assess the long-term impact of COVID-19 on the London rental market for commercial office space, staying at City Hall on the terms offered by St Martins represents a potential reputational risk to the GLA, should the market soften to the extent that the lease terms agreed with St Martins today become less favourable over time in comparison. The GLA would be locked into a 10-year lease on terms that do not reflect market conditions and may be seen as an outlier if, within that period, other high-profile organisations are able to capitalise on the prevailing market conditions;
- a 10-year lease would mean that the GLA would be liable for this high level of rent and associated costs, even if our income were to reduce owing to falls in tax income or further Government austerity measures;
- there is a strong likelihood that staying at City Hall would permanently remove the option of relocating to The Crystal in future as, in order to effectively contribute to the regenerative aims of the Royal Docks, an alternative use would have to be identified for the latter. This reduces the pool of appropriate space available within the GLA Group, should the decision be taken to relocate in the future; and
- as referenced earlier in this report, a key principle underpinning the GLA Group Estates Strategy is to consolidate and rationalise the use of office space for staff across the Group. Staying at City Hall undermines this principle and sets an unhelpful precedent for the Group going forward.

#### *Option 2 – relocate to The Crystal*

- 4.3. This option comes with a significant number of risks, as set out in the risk register at Appendix 11. The key risks are:
- *securing 'change of use' planning consent from the London Borough of Newham before giving formal notice to St Martins of the Mayor's intention to break the lease in 2021.* As a necessary precautionary measure, the planning application has been submitted. Seeking to secure planning permission at this time does not commit the GLA to move or carry out any works to The Crystal. Section 7 (Planned delivery approach and next steps) below incorporates the timetable for consideration of the planning application which has been agreed with planning officers at the London Borough of Newham. We remain confident that this timetable can be achieved. We are also working to ensure that pre-commencement conditions attached to the consent are as limited as possible;
  - *not completing the internal works at The Crystal in time for the Mayor, Assembly Members and staff to vacate City Hall fully by end December 2021 – a risk increased by potential delays on account of future measures related to COVID-19.* We will mitigate this risk by developing detailed contingency plans for alternative temporary accommodation for the Mayor and Assembly Members and their staff as a priority until The Crystal is ready. These plans are likely to involve using space at Union Street and Palestra, while potentially asking other staff to work remotely more often for a period of time. We would also secure alternative temporary arrangements for a chamber, meeting rooms and public event space – the arrangements for which would differ according to the length of the delay;
  - *not completing the highways works related to security enhancements required at The Crystal on time.* Following completion of the security review, it was identified that highways works would be required to accommodate a rejection lane to allow any vehicles not permitted close to The Crystal to move safely back onto the public highway. A Section 278 Highways Agreement will be required for these works which may take approximately 10 months to complete but with the cooperation of the local highway authority could be

completed earlier. To mitigate this, we will prioritise those works that are essential to the secure operation of the building in the first instance;

- *works costs significantly higher than anticipated through contractor procurement exercise.* The works will be competitively tendered using a suitable construction framework. Value for money will be a key requirement although speed of execution and quality will also feature strongly. In order to mitigate the possibility of construction costs being higher than budgeted we will: 1) obtain a Quantity Surveyor estimate of the works prior to tender and if necessary reduce the scope or quality of the specification; 2) ensure the specification is fit for purpose and meets GLA requirements; 3) reuse elements of building interior, services and furniture, fittings and equipment where possible; and 4) limit bespoke design features and where possible specify standard materials and equipment; and
- *lack of workable temporary solution for meetings to be held elsewhere.* If The Crystal is not ready for occupation before City Hall has to be vacated, then alternative arrangements will need to be made for both the back office and public meetings functions. Back office functions could be hosted in the current space at The Crystal, continued working from home or by arrangement with other functional bodies. The public meeting functions are more difficult as a level of security and technical infrastructure would need to be provided. While venues could be hired there would be significant cost associated with a temporary arrangement and the Assembly's meeting schedule may need to be altered to fit with availability of a venue and resources. It may be possible to use existing local authority facilities with supplementary technology and security or it may be possible to develop a virtual environment for a time limited period to ensure that the statutory functions of the Authority (including the Assembly) continue until the new facility is ready for occupation.

*Option 2A – leave City Hall; keep all offices in central London; use The Crystal as civic space only*

4.4. The key risks associated with this option are as follows:

- not having a single and easily identifiable home for London government may diminish the profile of the Mayor and Assembly among Londoners and key stakeholders. This places at risk the Mayor's ability to lever his influence and convening powers to continue to deliver the best possible outcomes for Londoners.
- the separation of our offices from our chamber, large meeting rooms and public event space may prove more disruptive to the working of the Mayor, Assembly and staff than is practicable; and
- the security risks associated with the separation of our offices from our other space.

*Option 3 – leave City Hall; keep all offices in central London; rent civic space from others*

4.5. The key risk associated with this option are as follows:

- not having a single and easily identifiable home for London government may diminish the profile of the Mayor and Assembly among Londoners and key stakeholders. This places at risk the Mayor's ability to lever his influence and convening powers to continue to deliver the best possible outcomes for Londoners;
- the separation of our offices from our chamber, large meeting rooms and public event space may prove more disruptive to the working of the Mayor, Assembly and staff than is practicable, even if we can secure facilities within walking distance;

- the security risks associated with the separation of our offices from our other space, as well as the potential lack of full security measures at our rented space;
- as the chamber, large meeting rooms and public event space would not be designed for our purposes (unlike in other options), it is likely that to some extent they would be sub-optimal and may present challenges, for example in terms of security or flexibility of usage. It is unlikely that material modifications would be possible; and
- the lack of full control over access to chamber, large meeting rooms and public event space, including through other events occurring at the venue, may prove more disruptive to the working of the Mayor, Assembly and staff than is practicable.

## **5 Financial comments**

- 5.1. In order to bridge some of the funding gap for the GLA Group over the coming financial years, several options have been explored to reduce accommodation costs as outlined in this Mayoral Decision. The Mayor's expressed preference is to identify ways that costs could be reduced without impacting services, including frontline services provided directly to Londoners. Expenditure by the GLA incurred in respect of accommodation provided or procured in whole or in part for the conduct of the business of the Assembly and Assembly members falls within the GLA: Mayor component budget rather than the Assembly's.
- 5.2. Our City Hall landlord has made a final offer and negotiations have concluded. It has been demonstrated that all options to leave City Hall (2, 2A and 3) deliver more savings than to stay. A full financial analysis can be found in Appendix 1 to Part 2 of this Mayoral Decision. This appraisal includes an analysis based on the Net Present Value of the four options.
- 5.3. It should be noted that The Crystal is owned by the GLA Group therefore the savings would be greater beyond 15 years. There is currently not enough information available to model the likely savings to be generated beyond this point. However, it is forecast that over ten years there would be material Group-wide savings compared to staying at City Hall.
- 5.4. The desk space required for the GLA and MOPAC going forward is estimated to be c575 and included in the whole life costing in all options. As a comparison of desk space requirement, the cost per desk space under each option is as follows (based on annual cost for 2021-22):
  - option 1 - £19,700
  - option 2 - £12,000
  - option 2A - £14,900
  - option 3 - £11,800
- 5.5. All options to leave (2, 2A and 3) shows a lower desk space cost compared to Option 1 however as set out above, Option 3 does not provide a permanent home for the GLA.
- 5.6. If the Mayor's decision is to leave City Hall and relocate to the Crystal under Option 2, this decision seeks approval for expenditure up to £17.5m for the City Hall relocation programme from Tower Bridge to the Royal Docks and Union Street. Dilapidation costs will be accounted for separately as the GLA has been accruing a provision under the obligations under the current lease contract terms.
- 5.7. The one-off relocation costs will be funded from GLA reserves and the Transformation Programme budget in 2020-21 and 2021-22 pending savings being delivered. More details will be described in the GLA: Mayor Budget for 2021-22.

## 6 Legal comments

- 6.1. The terms of the current lease under which the GLA occupies City Hall were approved in 2003 under Mayoral Approval 284 signed by the then Mayor on 6 August 2003. The lease of the building was originally between the landlord and the Government Office for London and was transferred to the GLA by the Secretary of State under a statutory transfer scheme. That discharged the Secretary of State's duty to provide the GLA with accommodation for the first 5 years of its existence under section 401 of the Greater London Authority Act 1999 ("GLA Act 1999").
- 6.2. Section 4 of the Local Government and Housing Act 1989 ("1989 Act") applies to both the GLA and to MOPAC.<sup>2</sup> As a result both organisations<sup>3</sup> are under a duty to secure the provision of sufficient staff, accommodation and other resources for the performance of their functions<sup>4</sup>. The discharge of these duties fall upon the Mayor, both in the context of the GLA<sup>5</sup> and as the statutory occupant of MOPAC.
- 6.3. Section 1 of the GLA Act 1999 establishes the GLA as a statutory corporation consisting of both the office of Mayor of London and the London Assembly. That Act and subsequent legislation confers or imposes a variety of statutory functions, powers and duties on the GLA as an organisation (including some directly on the Mayor and the Assembly) which cover a wide range of subject areas. Under that Act the GLA's functions are discharged on its behalf by the Mayor or by the Assembly, or by both jointly, with the default position being that they are to be discharged by the Mayor if relevant legislation does not explicitly provide otherwise. Outside the context of the Mayor's functions concerning housing and regeneration under Part 7A of the GLA Act 1999, the GLA has no express power to acquire or dispose of land or property, including for the purposes of its own accommodation.
- 6.4. The acquisition or disposal of property for purposes other than housing and regeneration is, however, authorised by the GLA's subsidiary powers under section 34(1) of the GLA Act 1999. This empowers the GLA acting by the Mayor to do anything (including the acquisition or disposal of any property or rights) which is calculated to facilitate or is conducive or incidental to the exercise of any functions of the Authority exercisable by the Mayor or the Assembly or both acting jointly. As a result section 34 authorises the Mayor to make arrangements that facilitate or are conducive or incidental as regards his duty under section 4 of the 1989 Act to secure the provision of sufficient accommodation for the GLA as a whole (including for the Assembly), and as regards all the GLA's statutory functions generally as by the Mayor or the Assembly. These powers cover the proposed relocation of the GLA and its staff to The Crystal and connected actions and expenditure, including the exercise of the break clause regarding the current City Hall lease and relocation to The Crystal and/or Union Street, as well as connected actions and expenditure.
- 6.5. MOPAC is established under the Police Reform and Social Responsibility Act 2011 ("2011 Act") as a corporation sole where the Mayor is the statutory occupant of that office. Under paragraph 7 of Schedule 3 to that Act the Mayor, in his capacity as MOPAC, may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office. This specifically includes (subject to the requirements of any other applicable legislation) acquiring and disposing of property (including land) and entering into contracts

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<sup>2</sup> See Section 72(1A) GLA Act 1999 and section 4(6) Local Government and Housing Act 1989 (as amended).

<sup>3</sup> See section 72(5)(b) GLA Act as regards the GLA.

<sup>4</sup> If in the GLA's head of paid service (Chief Officer) or the chief executive of MOPAC are of the opinion that this is not the case then either may prepare, as regards their respective organisations, a statutory report for the Mayor and Assembly or for MOPAC's formal consideration

<sup>5</sup> See under s 72(5)(b) of the GLA Act 1999.

and other agreements (whether legally binding or not). This power covers the proposed relocation of MOPAC and its staff to The Crystal and/or Union Street connected actions and expenditure.

- 6.6. The service of the break notice under the GLA's lease of City Hall is a formal legal exercise. The notice must be served strictly in accordance with the terms of the lease. Once validly served, the notice cannot be revoked without the express agreement of the Landlord and at the expiry of the break period the property must be given back to the landlord with full vacant possession. Any works needed to put the property into the right condition must be finished before 24 December 2021.
- 6.7. Section 38 of the GLA Act 1999 enables the Mayor to delegate functions to the GLA Chief Officer. Section 19 of the 2011 Act enables the Mayor to delegate MOPAC functions to the Deputy Mayor for Policing and Crime and its chief executive.

## 7 Planned delivery approach and next steps

- 7.1. The key milestones associated with the reconfiguration of The Crystal building, reinstatement and decant of City Hall and preparation of Union Street are outlined in the following table.

Activity	Timeline
<b>The Crystal building</b>	
Submission of change of use planning application	19 October 2020
Determination of planning permission for change of use	8 December 2020
Appointment of contractor for reconfiguration works	18 December 2020
Discharge of pre-commencement planning conditions and section 106 requirements	By 22 December 2020
Commencement of building works	1 February 2021
Agreement to scope of Section 278 with London Borough of Newham pertaining to Highway works	19 February 2021
Fit out of staff areas	31 May to 9 July 2021
Practical completion of works and handover	31 July 2021
Fit out of Chamber and committee rooms	28 June to 23 August 2021
Full occupation	By October 2021
<b>City Hall</b>	
Prepare scope for reinstatement works	30 November 2020
Serve break option to the City Hall landlord	By 24 December 2020
Negotiation of financial settlement for dilapidations and reinstatement works	November 2020 to March 2021
Procurement of contractor reinstatement works (in the event that a financial settlement cannot be agreed)	22 March to 14 May 2021
Phased City Hall strip out and reinstatement works	1 September to 12 November 2021
Programme longstop date for handover of City Hall	20 December 2021
<b>Union Street</b>	
Rent review	December 2020
Agree Heads of Terms with London Fire Commissioner	By February 2021
Complete legal agreements	By March 2021
Complete fit out	By May 2021

## **Appendices and supporting papers:**

- Appendix 1 – Assessment of buildings in Group Estates portfolio vs the GLA's requirements.
- Appendix 2 – Original relocation proposal launched on 24 June.
- Appendix 3 – London Assembly's response to the relocation proposal.
- Appendix 4 – Summary of response of GLA and MOPAC staff to the relocation proposal.
- Appendix 5 – Summary of results of GLA staff survey on remote working.
- Appendices 6A and 6B – Analysis of impact on GLA and MOPAC staff's commuting times and costs.
- Appendix 7 – Calculation of required workspaces for GLA and MOPAC.
- Appendix 8 – One-off costs of relocation.
- Appendix 9 – Economic case for relocation of City Hall to The Crystal.
- Appendices 10A and 10B – Equality Impact Assessments for GLA and MOPAC.
- Appendix 11 – Option 2 Risk Register.

**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: So that necessary internal and external communication materials can be prepared for public announcement.

Until what date: no later than 13 November 2020 (to be published promptly following public announcement)

**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 - YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Natalie Luong has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

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

✓

**Mayoral Adviser:**

David Bellamy 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 was agreed by the Corporate Investment Board on 26 October 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

**Date**

*D. Gove*

28 October 2020

**CHIEF OF STAFF:**

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

**Signature**

**Date**

*D. Bellamy*

27 October 2020

