

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2144

**Title: Public Practice**

### Executive Summary:

Public Practice is a proposal for a new social enterprise that brokers placements for outstanding planning and placeshaping practitioners within Local Authorities. It will build the public sector's capacity to deliver homes and growth, shape better places, and share skills and knowledge across Authorities.

A longstanding and widening skills gap between the public and private sectors is limiting the planning capacity of Authorities, and in turn presenting a barrier to delivering the quantity and quality of homes and growth London needs. Public Practice is one practical way of starting to make an immediate difference.

### Decision:

The Mayor:

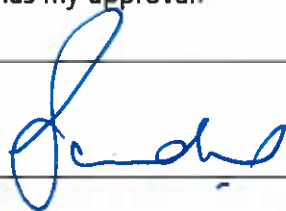
- i. Approves in principle the formation of Public Practice as a company limited by guarantee (with charitable status if possible).
- ii. Approves GLA representation (to be determined) on the board of directors of the new company limited by guarantee.
- iii. Approves expenditure from the DEE Central Programme Budget of up to £85,000 in 17/18; and a commitment to a tapering grant of £65,000 in 18/19, £45,000 in 19/20 and £25,000 in 20/21, subject to annual confirmation.

### 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:**

18/7/12

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

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

#### **1. Introduction**

- 1.1 A longstanding and widening skills gap between the public and private sectors is limiting the planning capacity of Local Authorities, and in turn presenting a barrier to delivering the quantity and quality of homes and growth London needs. Housebuilders have identified providing additional resources to Local Authority planning departments as the single most important policy measure to boost housing supply. At the same time a recent GLA survey of London Boroughs revealed that 96% require more placeshaping skills in their planning departments, but 100% have difficulty attracting appropriately qualified or skilled planning and placeshaping practitioners.
- 1.2 As a result, Authorities are increasingly turning to external consultants and private agencies as a short-term measure to fill the gap. 91% cover their capacity needs by recruiting agency staff, which can cost more than twice as much as traditional recruitment, and erode local knowledge and capacity over the longer-term. Alternative, cost-effective models are needed to attract new talent into the public sector, and to share skills to support growth in a more targeted and strategic way.
- 1.3 The Mayor's 'Good Growth by Design' is a strategic programme of activities to define and assist in the delivery of the design related aspects of growth across London. The scope of the programme is set across six pillars, one of which is 'Building Capacity' that directly deals with the issue of skills and capacity set out above. Public Practice sits within this pillar and is a proposal for a new not-for-profit organisation to broker placements for outstanding planning and placeshaping practitioners (Associates) within Local Authorities. It will build the public sector's capacity to deliver homes and growth, shape better places, and share skills and knowledge across Authorities.
- 1.4 Public Practice will be established as a company limited by guarantee, and subsequently aim to achieve charitable status. It will act as a broker, selecting talented Associates and matching them to Authorities in need of additional capacity. Authorities will pay an annual fee of £4k to help cover the costs of running the programme, and will employ the Associates on one-year fixed term contracts or secondments, for salaries of £30k-£50k. Associates will work within Local Authorities in place-based cross-cutting roles, and spend 10% of their time carrying out collective research and learning as a cohort. Public and private sector Supporters will cross-subsidise the running costs of Public Practice through annual grants and sponsorship, which will be recorded in respective grant and sponsorship agreements. Further legal advice will determine details of the agreements.
- 1.5 Public Practice offers: Authorities access to a new pool of talent with cost savings up to 55% on recruitment agencies; Associates a unique and prestigious public sector placement with the opportunity for collective research and development; and Supporters a platform to invest strategically in improving the speed and quality of public planning as well as benefits including participation in events and research.

#### **Background**

- 1.6 The 'Public Practice' concept has its background in the recommendations of a series of reports calling for an initiative to build Local Authority planning capacity. These include the Mayor's Design Advisory Group's Good Growth Agendas (March 2016), The Farrell Review (April 2014), the Select Committee for National Policy on the Built Environment's Building Better Places report (February 2016), and the London Housing Commission's final report Building a New Deal for London (March 2016).

- 1.7 The Greater London Authority Regeneration Team developed an outline business plan for such an initiative – initially known as ‘The Place Agency’ – in consultation with Local Authorities, the development industry and planning and placeshaping professionals. The proposal gained the support of the Deputy Mayor for Planning, Regeneration and Skills, Deputy Mayor for Housing, and over 30 organisations from across the development industry.
- 1.8 Following this, the GLA worked in partnership with the Local Government Association (LGA) and East of England LGA to fund and deliver a robust business plan which would add detail on the initiative’s function, remit, legal and financial requirements, and provide start up support for the programme to be delivery-ready. The approach was ‘user-centred’ with extensive consultation with the three different user groups; the Authorities who will offer the placements; the Associates who will go on the placements; and the Supporters who will cross-subsidise the business model. It was developed by a cross-sector officer working group including representatives from GLA Housing, Planning, HR, TfL Legal and London Councils, LGA and EELGA.
- 1.9 Public Practice will be established in line with recommendations from the Business Plan. Key recommendations are (Refer to Appendices for full version):
- Public Practice to act as a broker to minimise risks and overheads for the GLA (refer to risks 4.1); Associates will be directly employed by Authorities on fixed term contracts or through a secondment agreement with their permanent employer (in the majority of cases, private sector consultancies).
  - Public Practice to be incorporated as a company limited by guarantee with the aim of achieving charitable status within the first twelve months. This will enable independence and neutrality to Authorities, allow scalability so that it can support London Plan objectives for wider sub-regional growth, and ensure self-sustainability over the medium-term.
  - Public Practice to initially be physically located within a national organisation (likely to be the Future Cities Catapult) to benefit from incubation support including sharing back-office functions.
  - Public Practice to be governed by a Board of Directors including a GLA chair and representatives, and carefully selected members will bring key areas of expertise. The Executive Director – Development, Enterprise and Environment (DEE) will consult in delegation to agree the members of the Board and based on further legal advice - the appropriate level of representation of the GLA, articles of association and other relevant matters.
  - An Advisory Group will be established of public and private sector Supporters, separate from the Board of Directors. Their involvement will be limited to the 10% of time the Associates spend outside of placements, to remove any conflicts of interest.
  - Public Practice to be managed by a Management Team initially comprising a Director (separate from the Board), Programme Manager and a Programme Officer. A member from the Regeneration Team to be seconded from the GLA to act as Director for an initial 12-month period from 9 October 2017.
  - Public Practice to take a medium growth strategy, which sees it being financially sustainable in four years by providing a service for 64 Associates. A tapering GLA grant contribution is proposed, subject to confirmation of match funding from other Founding Partners. Founding Partners for years 1 & 2 are anticipated to be: Greater London Authority, DCLG (agreement in principle), LGA (confirmed), Future Cities Catapult (confirmed), British Land (confirmed), Peabody (confirmed), and Berkeley Group (confirmed) (Refer to Appendices). It is not anticipated that all founding partners will be members of the company.
  - The financial plan for Public Practice based on this medium growth strategy is set out below.

Year	2017/18	2018/19	2019/20	2020/21	2021/22
Target No. Associates	0	16	16	32	64
Total Expenditure	£192,000	£332,400	£380,400	£452,400	£500,400
GLA Grant	£85,000	£65,000	£45,000	£25,000	£0
Founding Partners	£110,000	£190,000	£195,000	£210,000	£195,000

Membership	£0	£64,000	£120,000	£180,000	£260,000
Other income	£0	£15,000	£20,000	£37,500	£45,000

1.10 The business plan has been overseen and approved by an Advisory Group comprising:

- Jules Pipe, Deputy Mayor for Planning, Regeneration & Skills (Chair)
- James Murray, Deputy Mayor for Housing
- Chris Naylor, CEO, LB Barking & Dagenham
- Fiona Fletcher-Smith, Executive Director DEE, GLA
- James Blake, CEO, St Albans City & District Council
- Lisa Taylor, CEO, Future of London
- Lord Kerslake, Chair, Peabody
- Lucinda Turner, Acting Director of Borough Planning, TfL
- Lucy Musgrave, Director, Publica
- Sarah Cary, Head of Sustainable Places, British Land
- Tony Pidgley, Chairman, Berkeley Group
- Vincent Lacovara, Placemaking Team Leader, Croydon Council

1.11 On 5/6/17 the GLA Corporate Investment Board approved in principle: a GLA tapering grant from the DEE Central Programme Budget, the proposed approach of establishing Public Practice as an independent company limited by guarantee with GLA representation on the Board, and the proposed approach of seconding a member of the Regeneration Team for 12 months to establish Public Practice. This MD builds on clearance to date and seeks formal approval.

## 2. Objectives and expected outcomes

2.1 The theory of change for Public Practice outlines the following three outcomes:

- **Building Capacity:** A bold and innovative public sector with the capacity and capability for successful planning.
- **Changing Perceptions of Planning:** A higher regard for the work of planning and a wider understanding about its importance in improving people's lives.
- **Shaping Better Places:** A fairer and higher quality everyday built environment for all.

2.2 The three user groups that will contribute to these outcomes:

- Associates interested in working for the public good in strategic and creative roles with real agency.
- Supporters looking for a platform to contribute to improve the certainty, speed and quality of planning.
- Authorities seeking to access exceptional planners for fixed term placements at affordable rates.

2.3 Public Practice will carry out the following activities:

- High profile and highly selective recruitment
- Collective learning and research
- Year-long placements in Authorities

2.4 The following outputs are the ambitions for 2018/2019. However at this point outputs and outcomes are indicative as they will be delivered with other partners. Final outputs will be approved by delegated authority and incorporated within the GLA grant agreement with Public Practice.

Match funding	Match funding equivalent to GLA commitment - £150,000 over two years
Building capacity	At least 12 Associates offered placements in local Authorities

	At least 10 Authorities offering placements
	Encourage applications for the cohort from disadvantaged and under-represented groups
	At least 8 shared research documents/ research shared with Authorities
Changing perceptions of planning	At least 300 social media followers
	At least 5 positive media coverages regarding Public Practice, its Associates and/or work carried out by an Associate at an Authority
Shaping better places	At least 12 improvements to the physical environment by Associates
	At least 100 stakeholders, community members, industry members engaged via events, public consultations, workshops by Public Practice and/or Associates

2.5 Upfront expenditure of up to £25,000 from the DEE Central Programme Budget for the appointment of legal consultants to establish Public Practice as a separate legal entity will be looking to deliver:

- Establishment of Public Practice as a company limited by guarantee with a view to achieving registered charitable status within the first twelve months. Advice particularly on appropriate representation for GLA on the board of directors and the membership, ensuring that the level of representation does not lead to Public Practice being treated as a consolidated organisation of the GLA for accounting practices.
- Grant agreements and sponsorship agreements, including advice specifically on GLA grant funding agreement and the appropriate level of control for GLA.
- Employment matters including the impact (if any) of regulatory regime for agencies.

### 3. Equality comments

3.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to:

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

The obligation in section 149(1) is placed upon the decision-maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.

3.2 Taking into account the obligations under section 149(1) of the Equality Act 2010, it is envisaged that the programme will promote equality and work to deliver new diverse and inclusive opportunities. It is not anticipated that the programme will have a negative impact on any protected groups identified under the Equality Act 2010. The programme will be developed and delivered in

compliance with relevant Codes of Practice and in line with the requirements of the public sector equality duty to ensure that the following issues have been considered:

- Promotion of opportunity to potential Associates through a wide range of networks, encouraging people who share a protected characteristic within the built environment sector.
- Encouraging a diverse board of directors for Public Practice.
- Encouraging applications for the cohort from disadvantaged and under-represented groups.
- Documents and publications will comply with guidance from the Royal National Institute of Blind People.
- Events will be open to all. Public Practice will take positive action to encourage people who share a protected characteristic to participate in activity in which their participation is disproportionately low.

#### 4. Other considerations

##### 4.1 Risks:

Please refer to the Business Plan (Appendices) for risks specific to Public Practice. Risks below are for the GLA.

RISKS	MITIGATION	PROBABILITY 1 = low 4 = high	IMPACT 1 = low 4 = high	RAG
Risk of GLA acting as an employer for Associates	Service has been designed to minimise risk for GLA. Associates are directly employed by local authorities.	1	1	G
GLA unable to commit to year 2 funding	Budget holders are aware of year 2 commitment, and are building it into planning financial year 19/20.	1	4	R
Match funding requirements are not met	Early engagement with Supporters has been undertaken, and commitments are underway as outlined above. (Refer to Appendices).	1	3	A
Unable to resource PP	Director of PP has been agreed in principle. Skills required for other staff are outlined in the business plan.	1	2	G
Conflict of interest from private and public sector Supporters	Supporters to form Advisory Group, separate from Board of Directors. Their involvement will be limited to the 10% of time the Associates spend outside of placements, to remove any conflicts of interest.	1	2	G
The legal fees to incorporate PP is higher than budgeted for	Further analysis to be done on legal budgets.	1	2	G



#### 4.2 Mayoral strategies and priorities:

The programme links to wider Mayoral strategies and priorities to tackle the housing crisis and to deliver good growth by building the public sector's capacity and skills. Public Practice is currently proposed to be specifically referred to in the draft London Housing Strategy and draft London Plan as a mechanism to support the delivery of homes and growth. It also represents the headline initiative under the priority of 'Building Capacity' in the Good Growth by Design programme.

#### 4.3 Impact assessments and consultations:

4.3.1 To date, officers have engaged with a wide range of representatives from all three user groups through intensive user-centred testing – the Authorities, the Associates and the Supporters. The initiative has the support of over 20 Local Authorities and over 30 industry organisations including DCLG, London Councils, LGA, Nesta, Future Cities Catapult, Planning Officers Society, London First, Future of London, Urban Design London, New London Architecture, RTPI and University College London. It also has support from across the development industry, including the British Property Federation, British Land, Peabody, Berkeley Homes and U+I.

4.3.2 The Officers Working Group had cross GLA representation including Regeneration, Housing, Planning, TfL Legal and HR; and LGA, EELGA and London Councils. The Advisory Group comprised of representatives from GLA, Barking & Dagenham, St Albans City & District Council, Future of London, Peabody, TfL, Publica, British Land, Berkeley Group and Croydon Council.

4.3.3 Founding Partners for years 1 & 2 are anticipated to be: Greater London Authority, DCLG (confirmed in principle), LGA (confirmed), Future Cities Catapult (confirmed), British Land (confirmed), Peabody (confirmed), and Berkeley Group (confirmed). (Refer to Appendices)

### 5. Financial comments

5.1 The proposed establishment of 'Public Practice' as an independent social enterprise is to be created as a Company Limited by Guarantee, with the aim of achieving charitable status within the first 12 months of operations and becoming self-sustaining in 4 years. The immediate financial plan for the organisation is for a medium growth strategy, which has been benchmarked against similar initiatives. In the medium term, the organisation will be funded via annual membership fees from Local Authorities and Public/Private Sector funding (including founding partners as noted within the main body of this report).

5.2 The GLA, as one of the founding partners will contribute to the running costs for the next 4-years via a tapering grant, which will be subject to confirmation of match funding from the other founding partners. For 2017-18, the GLA will also procure legal services up to the value of £25,000 to establish Public Practice as a legal entity. These GLA costs will be funded from Development, Enterprise & Environment 'Minor Programme' budget for each financial-year as phased as follows:

<b>Expenditure</b>	<b>2017-18 (£000)</b>	<b>2018-19 (£000)</b>	<b>2019-20 (£000)</b>	<b>2020-21 (£000)</b>	<b>Total (£000)</b>
GLA Grant	60	65	45	25	210
Legal Costs	25	-	-	-	10
<b>Total</b>	<b>85</b>	<b>65</b>	<b>45</b>	<b>25</b>	<b>220</b>

5.3 It should be noted that given that the organisation is to be created as a Company Limited by Guarantee with some GLA representation on the Board (that is still to be determined), at this stage it is envisaged that there will be no requirement to consolidate Public Practice within the GLA's statement of accounts. The GLA, will, however, need to make a disclosure in the accounts as having an interest in the organisation. This will be subject to change once legal advice has been provided with regards to the GLA representation on the Board and details of articles of association.

## 6. Legal comments

- 6.1 Section 30(1) of the Greater London Authority Act 1999 ('the GLA Act') provides that the Authority may do anything which furthers one or more of the principle purposes which are:
- Promoting economic development and wealth creation in Greater London;
  - Promoting social development in Greater London; and
  - Promoting the improvement of the environment in Greater London.
- 6.2 In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
- have regard to the effect that his decision will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom and climate change and its consequences (section 30(3-5) of GLA Act)
  - consult with such persons as the Mayor considers appropriate in the circumstances (s32)
  - pay due regard to the principle that there should be equality of opportunity for all people (section 33 of GLA Act)
  - have due regard to the Public Sector Equality Duty (section 149(1) of Equality Act 2010) – see section 3 for more information.
- 6.3 Under section 34 of the GLA Act, the Mayor is empowered 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.
- 6.4 The decision requested of the Mayor is approval, in principle, for the establishment of Public Practice as a company limited by guarantee, with charitable status if possible. The incorporation of Public Practice is subject to further legal advice. The Mayor is also requested to approve expenditure in the form of a grant to Public Practice.
- 6.5 The proposals for Public Practice will further the Authority's aims for promoting both economic and social development in Greater London. This is because associates will spend 90% of their time contributing to planning, regeneration and delivery in their respective authorities as outlined in the tasks within the Business Plan (Refer to Appendices). In addition, Associates will spend 10% of their time on collective research which will be shared with local authorities and will include topics addressing London wide issues.
- 6.6 The decision requested for expenditure related to the establishment of Public Practice is also an exercise of the incidental powers under section 34 of the GLA Act.
- 6.7 Further consideration and legal advice will be sought on any risks that Public Practice is considered a regulated company under the Local Authorities (Companies) Order 1995 (as amended) which imposes duties on the company including as regards the identification of it as a GLA subsidiary on its company documentation, the access of the GLA auditors to its accounts and also the right for GLA elected members to inspect its meeting agendas and minutes. This will be dependent on the makeup of the Board of directors.
- 6.8 The Executive Director – Development, Enterprise and Environment will agree the articles of association, including appropriate levels of representation for the GLA based on further legal advice, and agree the members and directors of the company. The Executive Director will also agree to the terms of documentation relating to the establishment, funding and subsequent operation of Public Practice, including (without limitation) grant funding agreements and sponsorship agreements.



## 7. Planned delivery approach and next steps

Activity	Timeline
Procuring legal advice	w/c 17 July
Legal Establishment	w/c 14 August
Appointment of Board	w/c 28 Aug
Public Launch	w/c 16 Oct
Application and Recruitment	w/c 16 Oct – w/c 29 Jan
Start of Placements	w/c 9 Apr 2018

### Appendices and supporting papers:

- Public Practice Business Plan
- Supporters letters (Berkley Group, British Land, Future Cities Catapult, LGA, Peabody)

**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**

If YES, for what reason:

Until what date: (a date is required if deferring)

**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:**

Pooja Agrawal has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Jules Pipe 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 the 17 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. Allen*

Date

17. 7. 17

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

17 / 7 / 2017