



Glasgow City Council

City Administration Committee

Report by Councillor Michelle Ferns, City Convener for Workforce

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Item 11

3rd December 2020

COUNCIL FAMILY REVIEWS 2020/21

Purpose of Report:

To update members on the conclusions and recommendations reached in the Council Family Review of City Parking (Glasgow) LLP and Jobs and Business Glasgow.

Recommendations:

It is recommended that Committee:

- 1 notes the report;
- 2 approves that the services currently delivered by City Parking and all staff, assets and liabilities be transferred to the Council as set out in this report, and that City Parking then be wound up; and
- 3 approves that the business/enterprise services currently delivered by Jobs and Business Glasgow and all staff, assets and liabilities associated with this service be transferred to the Council as set out in this report.

Ward No(s):

Citywide:

Local member(s):

Advised: Yes

No

Consulted: Yes

No

1. Background

- 1.1 The Council has completed a number of strategic reviews since [2015](#). An agreed part of the approach is that the operating model continues to be reviewed regularly to ensure that it remains fit for purpose, delivers Best Value, and takes account of new and emerging issues.
- 1.2 Since 2015 the following reviews have taken place leading to the undernoted changes. These have reduced Service departments from 7 to 6, and the number of ALEOs from 10 to 6:
- (i) City Building (Glasgow) LLP became a joint venture between the Council and the Wheatley Group.
 - (ii) Glasgow Life and GCMB were merged.
 - (iii) Corporate Services was merged across Financial Services and the Chief Executive's Department.
 - (iv) Cordia LLP was merged across DRS and Social Work Services.
 - (v) Community Safety Glasgow and Land and Environmental Services were merged with the service renamed Neighbourhoods and Sustainability.
 - (vi) A new Property and Land Services Division was established in DRS as a corporate landlord function focussing on asset optimisation/utilisation, efficiencies across facilities management operations, repairs and maintenance and capital projects.
 - (vii) A Strategic Innovation Team (SIT) was established in the Chief Executive's Department to monitor ICT contract performance, perform the intelligent client function; and engage with Services and ALEOs on emerging innovation and business requirements. Members have continued oversight and involvement through the Digital Glasgow Board and Digital Glasgow Strategy.
 - (viii) A new Director of (Regional) Economic Growth was created to drive economic development opportunities and inward investment into the city and city region, aligned to the City Deal, the City Region Economic Strategy and the City Region Cabinet.
 - (ix) A new Director of Community Empowerment and Equalities was created to lead on Community Empowerment and Community Planning, working across the Council Family, Community Planning Partners, Governments, Business, Third and Academic sectors.



- 1.3 This report summarises the conclusions and recommendations of the Reviews that have been undertaken in relation to City Parking (Glasgow) LLP and Jobs and Business Glasgow.
- 1.4 The Chief Executive also intends to make operational changes to the Council's structure having reviewed the functions of Development and Regeneration Services (DRS) and Neighbourhoods and Sustainability (N&S) against the same criteria set out in para 1.1 above. The Chief Executive will update Elected Members directly on the conclusions of this review.

2. City Parking (Glasgow) LLP (City Parking)

- 2.1 City Parking is a wholly owned Council Limited Liability Partnership (LLP) that was established on 1 April 2007 to manage the off-street car parking infrastructure, which was leased from the Council to City Parking. At the time, enforcement services for the on-street parking were not in scope, but in 2009 the Council contracted under a service level agreement with City Parking to provide the on-street services enforcement services. In 2010 the operation of the vehicle removal services was included in this service level agreement, and in 2012 the review and processing of the bus lane enforcement notices was added to its services. In addition, City Parking holds a ground lease over the Anderson Centre from City Property Glasgow (Investments) LLP to generate income from sub-leasing office and retail space as well as operating the linked car park at Cadogan Square.
- 2.2 To pay the upfront lease costs to the Council, City Parking entered into a 35 year loan agreement with Lloyds bank for £45 million. In security for the loan, standard securities were granted by City Parking to Lloyds for four of the multi-storey car parks at Charing Cross, Cadogan Square, Concert Square and Cambridge Street which prohibit City Parking selling or changing use of these car parks without Lloyds consent for the duration of the lease. The Council also

provided a guarantee to Lloyds for 80% of the value of the loan, which complied with state aid regulations.

- 2.3 In line with the Council's commitment to continually reviewing its structures, a detailed review has now been undertaken in relation to City Parking. A Business Case has been developed for the City Parking services which are covered by a service level agreement. To develop the Business Case, a multi-disciplinary Project Team was established comprising officers across the Council. The Business Case is consistent with the HM Treasury Green Book 'five case' model and sets out the strategic need and context for the review and the case for change from the current operating structure. It identifies a range of options that were filtered down to a short list for detailed appraisal against a set of criteria. The Business Case is available for review by Elected Members upon request .
- 2.4 Each of the short listed options was then assessed against the defined criteria of: strategic fit; service delivery; scope for innovation; financial case and people/HR.
- 2.5 The Business Case highlighted a number of material issues to be taken into consideration and acknowledged that the drivers for change are very different from those which applied when City Parking was established in 2007. Some of the key issues are as follows:
- A changing appetite, both locally and nationally, towards the use of the ALEOs;
 - Strategic direction for the Council in terms of transport strategy could have implications for the ability to grow income generated from car parking e.g. low emission zone, Avenues projects and recommendations from the Connectivity Commission. Therefore objectives of the Council and City Parking may no longer be complementary;
 - Unprecedented changes in the economy and retail sector, which have and will continue to negatively affect the operations of City Parking;
 - Lloyds have intimated to the Council that they would agree to amend the terms of the City Parking loan to an unsecured loan directly with the Council, which would remove the standard securities over the four multi-storey car parks giving more operational flexibility over the properties and would remove the Council's guarantee, therefore minimising any risk to the loan;
 - The establishment of Property and Land Services and the consolidation of strategic and operational property functions which would avoid duplication of property management services in respect of the car parks and the Anderson Centre.
- 2.6 The Business Case appraisal identified the preferred option of winding up the current LLP model and transferring all services/sites to the Council. If approved, this will involve the TUPE transfer of staff as follows:

- The majority of staff to be TUPE transferred to the Council and sit within a division currently within Neighbourhoods and Sustainability;
 - Back office functions, such as finance, and support to be placed within the Council's core support functions.
- 2.7 The loan with Lloyds Bank would transfer from City Parking to the Council on materially the same financial terms and conditions as currently exist between Lloyds and City Parking. However, the bank has already agreed in principle that the guarantee and standard securities over the four multi-storey car parks would be discharged if the loan transfers to the Council. Therefore the loan would no longer be associated with the properties and income from car parking.
- 2.8 City Parking would subsequently be wound up, although consideration would be given to retaining the trading name of "City Parking" for future use if required.
- 2.9 If approved, it is proposed that an implementation plan is developed with a view to the transfers taking place within six months.

3. Jobs and Business Glasgow (JBG)

Background

- 3.1 JBG is a charitable company with a trading subsidiary and its sole member is the Council. It was established in 2011 following the merger of five organisations which jointly made up the local regeneration network (LRA) in Glasgow. It delivers four core services: Employability Services; Business and Social Enterprise; JBG Childcare Services; JBG Commercial Property. Two of these services are covered by the service level agreement (SLA) in place between JBG and the Council, namely Employability Services and Business and Social Enterprises. The SLA runs until 2036 and covers around 45% of JBG's income.
- 3.2 In 2016 JBG experienced a loss of £4.3m relating to eligibility for European Funds and faced a number of operational issues as a result of reduced capacity and resources. Since a severance scheme was carried out in 2016, the employee headcount has reduced by around 45%. The severance scheme disproportionately impacted on employability and business/enterprise services due to Care Inspectorate requirements for childcare staff ratio numbers which could not be amended.
- 3.3 In 2019 the JBG Board instructed a wide ranging report and due diligence exercise on all of its areas of business. The Board identified the market opportunities and challenges facing each strategic area of the business in the short/medium/long term to establish efficiency, value for the public pound and potential options. It also assessed what the core functions of JBG should be, recognising that a number of its functions were a legacy from the former LRAs and acknowledging that it wanted to refocus on its core employability function.

- 3.4 JBG has concluded its review of business/enterprise services, but its review of the other three core areas continues.
- 3.5 In parallel, the Council has been carrying out its own review of JBG. In line with the Council's commitment to continually reviewing its structures, a detailed review has now been undertaken in relation to JBG. A Business Case has been developed for the JBG services which are covered by a service level agreement (i.e. employability and business/enterprise). This sets out the strategic need and context for the review and the case for change from the current operating structure. It identified a range of options relating to business/enterprise services that were filtered down to a short list for detailed appraisal against a set of criteria. The Business Case is available for review by Elected Members upon request.
- 3.6 Initial work was carried out by both the Council and JBG as a joint exercise, however each has had its own separate legal advice and each is responsible for its own independent decisions.

Employability Services

- 3.7 A report was taken to the Council's Neighbourhoods, Housing and Public Realm City Policy Committee on 10 March 2020 in relation to [employability services](#) setting out that the funding landscape and services relating to employability is expected to materially change in the lead up to 2023. This means that only a short term approach can be taken to the commissioning of employability services at present. However, once the changes are known then a full review can be taken of the delivery of these services in the medium to longer term which will include a review of all commissioned parties, including JBG.
- 3.8 The report further acknowledged that JBG is a key strategic delivery partner for these services and is critical to delivery of services within Glasgow. JBG remains by some margin the largest provider of employability advice and guidance in Glasgow.
- 3.9 It is therefore acknowledged that the Council has already taken a decision that no changes will take place at this point with regards to its relationship with JBG as it relates to employability services, but that this will be reviewed in 2023/24 once the new Scottish Government employability model has been finalised.

Business/Enterprise Services

- 3.10 A report was also taken to the Council's Neighbourhoods, Housing and Public Realm City Policy Committee on 10 March 2020 in relation to [business/enterprise services](#) with the aim of establishing a new enabling programme providing access to a range of specialist support services for Small and Medium Enterprises and Social Enterprises in the city.
- 3.11 The business/enterprise service delivered by JBG is covered by the SLA and is fully funded by the Council. Whilst JBG delivers a distinct but complementary

service to the Council's Business Gateway services the report noted that there was growing recognition and desire by both the Council and JBG to enhance the offer and better co-ordinate these services as an inclusive package as part of the city's small-medium business support offer.

- 3.12 JBG's Business/ Enterprise service is one of a number of services that with the loss of key staff in 2016 has continued to carry the risk of reduced credibility and viability due to lack of resource. Currently there are just ten JBG staff funded to deliver business/enterprise services.
- 3.13 In response to these challenges discussions took place between JBG and DRS to discuss how JBG's Business Start Up and Social Enterprise Support services can better complement the city's business support provision and to consider options for closer collaboration. The group concluded that there is a strong argument for greater alignment of this provision with the wider Council business support, removing duplication and streamlining services to ensure a more connected and joined up business support service in the city.
- 3.14 On 30 October 2020 the JBG Managing Director presented a review of JBG's Business/Enterprise services and a list of options for its future structure, purpose and management. The Council subsequently received correspondence from JBG advising that the Board approved the recommendation that JBG ceases responsibility for delivery of this service in the event that they can be seamlessly realigned or transferred to the Council. As a result JBG has formally advised the Council that it wishes to withdraw the Business/Enterprise services from the SLA as long as the Council assumes responsibility for this service.
- 3.15 The Council's own options appraisal on this service reaches the same conclusion and as a result approval is being sought to terminate this part of the SLA and for all staff, assets and liabilities associated with this service to transfer to the Council and sit within the Economic Development Team, which currently sits within Development and Regeneration Services, with the associated TUPE transfer of staff currently delivering this service
- 3.16 If approved, it is proposed that an implementation plan is developed with a view to the transfers taking place within six months.

4. Policy and Resource Implications

Resource Implications:

Financial: Provisions have been made within the Budget for service transition and redesign costs associated with the organisational restructure.

Legal: Legal Services will ensure that all legal implications associated with the organisational

restructure for both City Parking and JBG are implemented.

Personnel: TUPE will apply where services are transferred to the Council. In accordance with legislative requirements staff terms and conditions will be protected under the normal TUPE arrangements.

Procurement: n/a

Council Strategic Plan: Resilient and Empowered Neighbourhoods
Well Governed City that Listens and Responds

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2017-21 An EQIA will be carried out for both City Parking and JBG

What are the potential equality impacts as a result of this report? No significant impact at this stage, mainly positive

Please highlight if the policy/proposal will help address socio economic disadvantage.

Sustainability Impacts:

Environmental: n/a

Social, including opportunities under Article 20 of the European Public Procurement Directive: n/a

Economic: n/a

**Privacy and Data
Protection impacts:**

No data protection impacts identified at this stage

7. Recommendations

7.1 It is recommended that Committee:

- 1 notes the report;
- 2 approves that the services currently delivered by City Parking and all staff, assets and liabilities be transferred to the Council as set out in this report, and that City Parking then be wound up; and
- 3 approves that the business/enterprise services currently delivered by Jobs and Business Glasgow and all staff, assets and liabilities associated with this service be transferred to the Council as set out in this report.