

Report of: Land and Property
Report to: Director of City Development
Date: 30th August 2017
Subject: Report to direct appoint advisors (Knight Frank & Carter Towler) - CPR Waiver Report

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Temple Newsam	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4 (3)	
Appendix number:	1	

Summary of main issues

1. The purchase of site and entering into a development agreement was approved on the 10th April 2017. The Council have now exchanged contracts which in turn triggers the start of the development project.
2. Full planning consent has been granted and it is estimated that construction will start in Autumn with the first phase delivered approximately 12 months later. Therefore it is considered that the Council should commence marketing in an attempt to seek pre lets during the construction period thus reducing the time for vacancy.
3. For the wider Development, Knight Frank and Carter Towler have been appointed as marketing agents. It is considered prudent for the reasons set out in this report that the Council instructs the same agents.

Recommendations

4. The Chief Officer of Resources & Strategy is recommended to approve the waiver of the following contracts procedure rule(s):

Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements, between £10,000 and £100,000.

1 Purpose of this report

- 1.1 To seek agreement for a direct appointment waiving contracts procedure rules no 8.1 and 8.2 – intermediate value procurements

2 Background Information

The purchase of site and entering into a development agreement was approved on the 10th April 2017. The Council have now exchanged contracts which in turn triggers the start of the development project.

In the report of 10th April 2017, approval was given for an injection into the Capital Programme for the sums required to cover the costs of letting agents.

Full planning consent has been granted and it is estimated that construction will start in Autumn with the first phase delivered approximately 12 months later. Therefore it is considered that the Council should commence marketing in an attempt to seek pre lets during the construction period thus reducing the time for vacancy.

3 Main issues

- 3.1 For the wider Development Knight Frank and Carter Towler have been instructed as marketing agents. It is considered prudent for the reasons set out below that the Council instructs the same agents. In that regard, a waiver to the CPR is sought to enable a direct appointment to them. The contract is performance based with the joint agents to be paid a fee based upon successful letting.
- 3.2 These Marketing / Letting agent have already been heavily involved with the site to date and their appointment provides continuity of marketing and also gives the new owner i.e. The Council the benefit of the previous marketing experience of the site.
- 3.3 Furthermore, in this this particular situation where the developer continues to market the rest of the development site it will also allow the Council to benefit from any wider marketing being carried out. This will give a more joined up marketing approach and will also achieve economies in marketing costs such as website design, advertising boards, marketing events etc.
- 3.4 The Council will also benefit from any existing leads the agents may be working on and their knowledge of active enquiries in the area.
- 3.5 The performance of the agents will be closely monitored to ensure that there are no conflicts of interest arising.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.2 Executive Member for Regeneration, Transport and Planning and Executive Member for Resources and Strategy had been briefed in regard to the overall deal as part of the Executive Board report and were supportive.

4.3 Equality and Diversity / Cohesion and Integration

- 4.3.1 There are no issues relating to the proposals contained in this report.

4.4 Council Policies and the Best Council Plan

- 4.4.1 The ambition for Leeds to have a strong economy and be a compassionate city is set out in the Best Council Plan. The proposal to achieve a swift and economic letting of the new property as set out in this report supports this ambition and the Council's Best Council Plan 2016/17 priorities around supporting economic growth and access to economic opportunities and the associated breakthrough projects on 'more job, better jobs,' 'strong communities benefiting from a strong city' and 'housing growth and high standards in all sectors'
- 4.4.2 The ownership of the property supports the Best Council Plan ambition for the authority to continue to be an efficient and enterprising organisation by seeking to optimise the council's Investment Portfolio and by generating income to support the council's revenue budget. Once the property is let it is envisaged that the acquisition will provide a net surplus income at a time when there is unprecedented pressure on the Council's revenue budget, but would also put this strategically located property in Council ownership.

4.5 Resources and Value for Money

- 4.5.1 In using the same agents as the wider site, it brings a number of financial benefits to include being part of any wider marketing and potentially using existing leads thus improving the opportunity to let sooner.
- 4.5.2 The fee rate agreed with each of the two agents has been checked and is in line with standard levels for similar work and would only become payable upon successful completion of leases to suitable tenants. The previous report of 10th April 2017 has approved an injection into the Capital Programme and Authority to Spend the amount as set out in the confidential appendix.

4.6 Legal Implications, Access to Information and Call In

The Contracts Procedure Rules state that any decision to waive this rule by a Chief Officer will be in accordance with CPR27 which requires the completion of a delegated decision notice following the receipt of a Waiver Report.

In addition the CPR's state that a contract will only be offered where it represents best value. This report seeks to provide sufficient evidence that by directly appointing to Knight Frank and Carter Towler, without seeking competition, still represents best value for the Council.

4.7 Risk Management

- 4.7.1 It is not considered that there are any risks associated with this contract appointment.
- 4.7.2 If the appointment is not made, then there is the risk that the Council will not benefit in the ways set out in this report to include the risk that the units may remain unlet for a longer period.

5 Conclusions

- 5.1 In conclusion, this report seeks a direct appointment for a contract waiving contracts procedure rules no 8.1 and 8.2 – intermediate value procurements.

6 Recommendations

- 6.1 The Chief Officer Resources & Strategy is recommended to approve the waiver of the following contracts procedure rule(s):

Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements

7 Background Documents

None