



Disposal of “U1” Cherished Plate

Date: 7th January 2025

Report of: City Solicitor

Report to: Director of Strategy and Resources

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The Director of Strategy and Resources is asked to make a Key Decision in principle to dispose of the “U1” Cherished Plate which is affixed to the official car of the Lord Mayor of Leeds.

Research carried out by the appropriate officers of Leeds City Council (‘LCC’ or ‘the Council’) is summarised in the Options section of this report. The research indicates that the value of the U1 plate may be substantial. The net proceeds from any sale would be utilised to help to address the Council’s long standing and on-going financial challenge.

Recommendations

- a) To approve the disposal in principle of the “U1” Cherished Plate that is owned by LCC.
- b) To approve that the disposal process will be by a sale via a Private Dealer acting as LCC intermediary/agent.

What is this report about?

1. The Director of Strategy and Resources is asked to take a Key Decision to dispose in principle of the “U1” Cherished Plate which is affixed to the official car of the Lord Mayor of Leeds.

What impact will this proposal have?

2. The disposal of the Cherished Plate would bring an end to an association that LCC has had with the U1 plate for around 120 years. The proposal would enable the net proceeds of the disposal to be utilised to contribute positively to the substantial long standing and on-going financial challenge that the Council is facing.
3. Since the specific value of the net proceeds of any sale are currently uncertain, there is no specific proposal at this time as to the application of any realised sale proceeds. Rather the proceeds from a sale would be utilised in whatever way was considered to be most appropriate at the time they were realised. Potentially, that could include being applied so as positively to impact equality, diversity, cohesion and/or integration through the support of frontline services.
4. In considering the equality impact implications of this report an Equality, Diversity, Cohesion and Integration screening has been undertaken (as set out in Appendix 2 to this report) and due regard has been given. The recommendations to the Director of Strategy and Resources do not raise any existing or likely differential impact for the different equality characteristics stated in the screening tool.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Zero Carbon

5. The generation of capital receipts underpins part of the Council’s approach to address successfully the Council’s current financial challenge. The disposal of assets helps to deliver investment which supports each of the three pillars of the Best City Ambition thus facilitating delivery of the Council’s strategic ambitions.
6. The net proceeds of the disposal of the Cherished Plate would be available for the Council to utilise as it wishes, to support any or all of the three pillars. Since currently, the value of any net sale proceeds is uncertain, there are not specific proposals at this time as to how such proceeds might be applied.

What consultation and engagement has taken place?

Wards affected: No specific wards are impacted by the proposed decision.
 Have ward members been consulted? Yes No

7. Formal consultation has taken place with those persons that have the most direct interest in the proposal to dispose of the Cherished Plate, including the most appropriate members of the Executive Board.
8. The formal consultees were as follows: the Lord Mayor; the Leader; the Deputy Leader /Executive Board Member for Strategy and Resources; the Leader of the Opposition (as a member of the Executive Board); the Chair of the Strategy and Resources Scrutiny Board; and the Chief Executive.

9. The views of the consultees were as follows:
10. The Lord Mayor had no objections to the proposal in principle to dispose of U1 via Option 3 (Sale via private dealer (acting as an intermediary/LCC agent)).
11. The Leader was happy with the suggested course of action.
12. The Deputy Leader/Executive Board Member for Strategy and Resources was happy with the recommended approach and to move forward with Option 3 (sale via private dealer (acting as intermediary/LCC agent)).
13. The Leader of the Opposition very strongly felt that given the longstanding historical association of the U1 plate with LCC, the story by which it came into the Council's ownership and its substantial potential value, the proposal to dispose of U1 should be the subject of public consultation prior to any decision being taken regarding its disposal.
14. The Chair of the Strategy and Resources Scrutiny Board agreed with the proposal of selling the U1 cherished plate due to the financial challenges that LCC is facing.
15. The recently appointed Chief Executive commenced his role on 6 January. He was consulted verbally prior to commencing the role and was supportive of the decision. He has now confirmed that in writing given that he has formally started in role.
16. In addition, the Council's Equality, Diversity and Inclusion Manager was also consulted and did not identify any concerns.

What are the resource implications?

17. In disposing of the U1 plate, LCC would not be charged Capital Gains Tax as Local Authorities are exempt from the Tax under s.271(3) of the Taxation of Chargeable Gains Act 1992.
18. LCC is under a legal duty to obtain Best Value for any disposal of the U1 plate; moreover, Contracts Procedure Rule ('CPR') 18.7 states that the Council will only award a contract where it represents Best Value.
19. In reaching the Recommendations above, due regard has been given to the discharge of the Council's Best Value duty. A sale via Private Dealer acting as intermediary/LCC agent is recommended as overall the preferred disposal option, most importantly, in order to realise the highest predictable net proceeds, whilst also balancing other relevant considerations so far as reasonably possible. In addition, this disposal option would reduce the need for internal LCC resource to support successful delivery of the proposal, apart from the need to procure a suitable intermediary/LCC agent, as well as undertake associated effective contract management.

What are the key risks and how are they being managed?

20. The “key risks and how they are being managed” set out in this section, should be read in conjunction and cross-referenced with the “Options” section set out below and Exempt Appendix 1 (which includes a Risk Matrix that compares each Option on the basis of the main risks identified in this Report).

(a) Cherished Plate does not fetch the expected value.

21. Each of the options below set out a procurement route for the potential disposal of the U1 plate. These have been analysed with regards to their potential to maximise financial return for the Council and the ability to manage those financial risks. Research suggests that the choice of procurement option is the most significant factor for LCC in maximising the net proceeds of the plate.

22. Option 1: Sale by public auction

This option entails the Council procuring the services of a specialist Auctioneer to conduct a public auction of the plate where bidding is open to the public and allowing any interested party to participate. The bidding process would be transparent, with all bids visible to other participants. Depending upon the Auctioneer procured, a dedicated auction may be held at a time of LCC’s choosing (please see Exempt Appendix 1 for further details).

23. Option 2: Sale of the plate to a broker

This is where a private broker directly purchases the plate for themselves with an intention to re-sell it for a profit (please see Exempt Appendix 1 for further details).

24. Option 3: Sale via private dealer (acting as an intermediary/LCC agent)

This is where a dealer is selected based on their specialist knowledge, experience, market understanding and reach with regard to the item for sale. The dealer would suggest a sale price based on market conditions and comparable sales (please see Exempt Appendix 1 for further details).

25. Option 4: Private sale

This option entails LCC selling the plate direct to a buyer that it had identified. The Council would undertake all necessary negotiations and its own due diligence (please see Exempt Appendix 1 for further details).

(b) Disposal costs

26. A *Sale by Public Auction* may incur disposal fees. It is likely that these would be at a set percentage of the sale value or at a fixed cost (please see Exempt Appendix 1 for further details).

27. A disposal by *Sale to a Plate Broker*, whilst probably not incurring disposal fees, would require the Broker to obtain the plate from the Council at a risk price (i.e. one on which they felt they could comfortably make a profit). That would likely result in a reduction in the net proceeds that potentially may be realised by the Council (please see Exempt Appendix 1 for further details).

28. A *Sale by Private Dealer* (acting as an intermediary/ LCC agent) may potentially incur disposal fees (or these maybe passed on to the buyer). Any fees would be expected to be both contractually fixed and relatively modest. This Option is most likely to realise the most significant and predictable net proceeds of a sale for utilisation by the Council (please see Exempt Appendix 1 for further details).
29. A *Private Sale by LCC* would not incur disposal fees, nor require a profit margin for a third party (please see Exempt Appendix 1 for further details). In the event that LCC chose not to proceed with a direct private sale, any potential buyers who had directly expressed an interest to LCC in purchasing the plate could be made aware of how they could participate in the chosen procurement option, thus not excluding them as a potential purchaser.

(c) Specialist expertise

30. LCC could sell the plate direct to a private buyer as per Option 4 above. However, as LCC has no internal specialist expertise and experience in this field, there would be significant risks attached to proceeding with this Option. These would include a risk that the full value of the plate may not be realised, as well as making it more challenging to demonstrate that the Council's Best Value Duty had been appropriately discharged.
31. The other disposal Options identified (Sale by Public Auction; Sale to Plate Broker; and Sale via Private Dealer (acting as LCC Intermediary/Agent)), do not require additional LCC specialist expertise nor experience beyond that which already exists within the Council.

(d) Reputational and financial risk

32. All of the disposal options carry some reputational risk for the Council of the plate being re-sold swiftly to another buyer at a significantly elevated value; and/or re-sold to a third party that the Council may deem to be unsuitable. Those risks may be able to be managed to limited varying degrees depending upon the disposal Option pursued but it is important to be clear that they cannot be eliminated.

(e) Anti-Money Laundering Regulations

33. Appropriate internal advice has been provided with regards to the potential impact of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and whether there are any 'due diligence' requirements in relation to the identity of the buyer.
34. In summary, providing that the Council accepts only non-cash payments (e.g. BACS or other bank transfer or bankers draft) the Regulations would not apply to the disposal of U1. The Council would, however, need to be satisfied, as part of the procurement process, that all payments to the Council would be received by BACS, bank transfer or banker's draft.

(f) Replacement Plate

35. Upon the successful disposal of the U1 plate, the official LCC car of the Lord Mayor will need a replacement plate.

36. Cherished plates can exist in either of two states: (a) on a vehicle; or (b) on a certificate of entitlement which designates the legal owner. A cherished plate can be transferred from a certificate to a vehicle or vice-versa. A transfer can be made either through the post or online. The V5C logbook of the vehicle and an £80 fee payable to the DVLA would need to be submitted to complete the transfer and insurance documents would also need updating.
37. Currently, LCC has a certificate of entitlement for the registration plate "L6EDS" which was purchased some time ago. Upon disposal of the U1 plate, it is proposed that the replacement plate would be transferred from a certificate of entitlement to the official LCC car used by the Lord Mayor.

What are the legal implications?

Legal title and power to dispose

38. LCC has been confirmed as the legal and beneficial owner of the U1 cherished plate. It is further confirmed that there are no encumbrances (such as the conditions of a trust or a bequest) restricting the disposal of the U1 plate by LCC. Further, it has been established that the Council does have the legal power to dispose of the U1 plate.

Best Value Duty

39. As referenced in paragraphs 18 and 19 above, LCC is under a legal duty to obtain Best Value for the disposal of the U1 plate. Moreover, LCC Contracts Procedure Rule ('CPR') 18.7 states that the Council will only award a contract where it represents Best Value. In reaching the Recommendations, due regard has been had to the appropriate discharge of that duty.

Delegated Decision

40. The Director of Strategy and Resources has delegated authority to generate and collect income in line with Financial Regulations, Contract Procedure Rules and within approved revenue and capital estimates. The decision is an Executive Key decision and as such would be published on the List of Forthcoming decisions at least 28 days prior to the decision being made. It would also be subject to Call-in.

Procurement

41. The applicability or otherwise of any procurement process that would need to be followed pursuant to LCC's CPRs and public procurement law, would depend upon the total amount payable by LCC for the services of a Public Auctioneer, Plate Broker or Private Dealer, respectively, not the final sale price nor net proceeds received by LCC.
42. Where the total amount payable by LCC for such services would be expected to be below £25,000 there would need to be compliance with the **Low Value Procurement** rules in the Council's CPRs. They require a competitive process and where there are sufficient number of providers, at least three written tenders must be invited (unless the Director believes that it represents Best Value for the Council to make a direct appointment or considers that there is genuinely no competition, such that only a particular organisation or provider could meet the Council's specific requirements).
43. Where the total amount payable by LCC for such services would be expected to be in the range of £25,000 - £100,000 there would need to be compliance with the

Intermediate Value Procurement rules in the Council's CPRs. They require that a competitive process is undertaken and where there are sufficient number of providers, at least three written tenders must be invited, unless there are lawful grounds for a waiver.

44. As explained above with regard to the Anti-Money Laundering Regulations 2017, the Council would need to be satisfied, as part of the procurement process, that all payments to the Council would be received by BACS, bank transfer or banker's draft.

Exempt Information

45. The information contained within confidential Appendix 1 to this report is designated as exempt from publication in accordance with paragraph 10.4(3) of the Access to Information Rules and Schedule 12A(3) of the Local Government Act 1972 on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The confidential Appendix includes commercially sensitive information regarding the valuation of the U1 Cherished plate by sector experts, the likely disposal fees or profit margin required depending upon the particular disposal route chosen, and hence the value of net sale proceeds that might be expected to be realised in relation to different disposal process options. Disclosure of this information could seriously harm the Council's position in maximising the net disposal value that may be ultimately realised. Therefore, it is considered that the public interest in maintaining the content of confidential appendix 1 as exempt, outweighs the public interest in disclosing the information.

Options, timescales and measuring success

What other options were considered?

46. This Options section should be read in conjunction and cross-referenced with the "key risks and how they are being managed" section set out above and Exempt Appendix 1, including the Risk Matrix of Options.
47. As explained above, four principal routes for the potential disposal of the U1 plate were identified and researched by LCC's Strategic Commercial Business Partner.

Option 1: Sale by Public Auction

48. LCC could set a reserve, but would have little control beyond that, including over the identity of the buyer, which may result in some reputational risk for the Council (please see Risk section above and Exempt Appendix 1). The timescale to achieve a sale would depend upon when auctions were scheduled (although potentially an auction could be convened especially for the U1 plate) and whether the reserve price was met. The earliest that LCC could expect to receive the net sale proceeds would depend upon the Auctioneer's terms and conditions but LCC has been advised would likely be in region of 2- 5 weeks after a sale.
49. There may be a reputational and financial risk to LCC if the plate was re-sold for significantly more than LCC achieved within a relatively short space of time and/or re-sold to a third party that the Council may deem to be unsuitable (please see Risk section above and Exempt Appendix 1).

50. Disposal by Public Auction would have the advantage of LCC being able to establish relatively easily, that the market value for the plate had been achieved in terms of a public, competitive process, thus complying with the Council's Best Value Duty. However, it would also likely have the drawback of requiring the Key Decision to be exempt from Call-in in order, to complete the sale swiftly upon conclusion of the auction.

Option 2: Sale to Plate Broker

51. The timescale to achieve a sale would depend upon how swiftly a suitable Plate Broker could be procured (in accordance with the relevant Procurement Rules) and how quickly the sale of the plate to the Broker could be completed. LCC would expect to receive the sale proceeds upon completion of the sale.
52. There may be a reputational and financial risk to LCC if the plate was re-sold for significantly more than LCC achieved within a relatively short space of time and/or re-sold to a third party that the Council may deem to be unsuitable however, the identity of the immediate buyer (the Plate Broker) would be known and appropriate due diligence could thus be undertaken prior to a sale (please see Risk section above and Exempt Appendix 1).
53. This Option would likely present a medium risk in terms of being able to establish the achievement of market value. It would, however, allow for the potential Call-in of the Key Decision.

Option 3: Sale via Private Dealer (acting as LCC intermediary/agent)

54. The timescale to achieve a sale would depend upon how swiftly a suitable Private Dealer could be procured (in accordance with the relevant Procurement Rules) and how quickly the sale of the plate via the Dealer could be completed. LCC could expect to receive the sale proceeds upon completion of the sale. It is standard industry practice that a sale via a private dealer entails a high degree of confidentiality and as such the immediate buyer is unlikely to be known to LCC; as such this Option may be less transparent than other Options (please see Exempt Appendix 1).
55. Like the other Options, there may be some reputational & financial risk if the plate re-sold for significantly more than the proceeds received by LCC within a short space of time and there may be little or no opportunity to control or influence the identity of a buyer on any subsequent re-sale of the plate (please see Risk section above and Exempt Appendix 1).
56. This Option would likely present a medium risk in terms of being able to establish the achievement of best value.
57. This Option would allow for the potential Call-in of the Key Decision.

Option 4: Private Sale by LCC

58. As LCC has no internal expertise or experience in the field of cherished plates, putting a valuation on the plate would be extremely difficult. There is a significant potential risk

that the Council would not maximise the potential net proceeds by proceeding with this option. The likely timescales for a potential sale would also be uncertain. It is also likely to be more challenging compared to the other Options to evidence compliance with the Council's Best Value duty.

59. This Option would have the advantage of no fees being payable for the disposal of the plate and all proceeds of the sale accruing to LCC. There would, however, be a cost in terms of officer capacity/time to execute this Option (please see Exempt Appendix 1).
60. There may be a reputational and financial risk to LCC if the plate was re-sold for significantly more than LCC achieved within a relatively short space of time and/or re-sold to a third party that the Council may deem to be unsuitable (please see Risk section above), however, the identity of the immediate buyer would be known and appropriate due diligence could thus be undertaken prior to a sale. In addition, this Option has the advantage of LCC being able to dispose of the plate using its own specification/ terms and conditions although LCC has no internal expertise in contracts of this nature.
61. This Option would allow for the potential Call-in of the Key Decision.

How will success be measured?

62. Success will be measured by balancing a number of factors (please see Exempt Appendix 1), including maximising the highest predictable net proceeds realised by the Council, and the timeliness of that realisation. The most significant of these factors, however, is maximising the greatest predictable net proceeds. Other factors will include ensuring, so far as possible, that any reputational and/or financial risks stemming from the potential re-sale of the U1 Plate are appropriately managed so far as possible although these cannot be eliminated.

What is the timetable and who will be responsible for implementation?

63. The anticipated timetable is as follows:

- 9.12.24 add the Key Decision to the List of Forthcoming Key Decisions;
- wait 28 days;
- publish the report and DDN on 7.1.25;
- wait 5 clear working days for the decision to be taken (on 15.1.25);
- call in period 16.1.25 to 22.1.25;
- implement decision on or after 23.1.25.

64. The officer responsible for implementation will be the City Solicitor.

Appendices

- Appendix 1 – Exempt information
- Appendix 2 – Equality Screening Document

Background papers

- None.