

Record of decision taken under delegated powers by a council officer



Title:	Contract award for Joint Venture Development Partner
Divisions Affected:	All
Key Decision:	No
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Committee decision Cabinet 14 December 2017 Minute reference: 221/17

Summary

On the 14th December 2017 Cabinet approved, in principle, the appointment of a long term joint venture partner, Places for People Group, with the following recommendations:

1) delegation to the Cabinet Member for Property and Business Services, Acting Chief Executive and Chief Property Officer to finalise and enter into:

- a. the JV contract documentation, as set out in the Part 2 report (annex 2), with Places for People Group (PfP);
- b. conclude contract requirements for the provision of an operating lease within the parameters set out within the Part 2 report.

2) the Investment Board:

- a. commission the JV to undertake development opportunities and option analysis for the initial prioritised sites to be agreed by Shareholder Board when setting the business plan, with future development opportunities following the same process;
- b. formulating and presenting recommendations back to Cabinet for final approval of any development proposal or alternative future uses for the sites;
- c. reviewing additional potential sites and commissioning feasibility proposals or options analysis for development proposals or alternative future uses of the sites.

3) Cabinet is asked to note that authority is delegated to the Shareholder Board (SB) to:

- a. appoint nominated representatives to the Strategy Review Group (previously called "JV Strategy Board");
- b. appoint two nominated Council officers to be representatives of the Council on the Joint Venture Board to oversee and deliver the day to day activities of the joint venture vehicle;
- c. approve the Annual Business Plan, Annual Accounts and other applicable

control and management member matters of the JV entity; and its terms of reference have been amended accordingly.

This paper outlines that the conditions have been satisfied and therefore that the above delegated authority for parts; 1 a, 1 b, 3a, 3b and 3c can be confirmed. This is by virtue of the following information satisfying the pre-conditions above.

Delegation part 1a and 1b

For the contract award and implementation of the Joint Venture Limited Liability Partnership (LLP) Soc officers, alongside property consultants; Knight Frank LLP (KF), and lawyers; Bevan Brittan LLP (BB) have concluded the contract documentation, including the Operating Lease, Business Plan and commercial matters under the terms set out in Pf P's bid submission and those set out in the part 1 and part 2 Cabinet paper of 14th December 2017.

During preferred bidder stage and the finalisation of contract documents the structure of the legal contracts, as listed within the Cabinet paper, have been amended. This does not have any contractual or adverse impact on the Council and the new structure of those documents is outlined in annex 3.

Both KF and BB outline in their 'letters of reliance' (annexes 4 and 5) that the final contracts and commercial offer, of which SCC and PfP will enter into, are in line with those outlined under PfP's bid submission and there are no points of principle outstanding that would prohibit the Council entering into the final contracts with PfP. The heads of terms for an Operating Lease have been agreed by PIP and SCC, with Pf P confirming the contract terms under provision of the Operating Lease. SCC/Halsey Garton Property (HGP) have the choice to use either the Operating Lease or a managing agent and the decision made on a scheme by scheme basis. The Operating Lease will have costs as set out in the Part 2 element of the Cabinet Paper, based on a scheme by scheme basis determined by specific site risks, e.g. location and how easily lettable the units would be.

Delegation part 3a, 3b and 3c

Following Shareholder Board (SB) on 5th February 2018 it was agreed to;

- i. appoint John Stebbings (Chief Property Officer) & Councillor Ayesha Azad representatives to the Strategy Review Group. Their role will be to undertake a challenge and performance role over the JV operational board.
- ii. appoint Pete Hopkins (Lead Asset Strategy Manager) & Nicholas Cook (Senior Development Manager) representatives of the Council on the Joint Venture Operational Board. The JV Board will be responsible for day to day activities of the JV vehicle, overseeing the delivery of the Business Plan (annex 6).

Following Shareholder Board (SB) on 17th April 2018 the following was approved;
1. Year 1 Business Plan and annual accounts; with final approval of the JV Strategy Review Group at their first meeting.

Decision madeDecision made:

It was AGREED that:

1) delegation to the Cabinet Member for Property and Business Services, Acting Chief Executive and Chief Property Officer to finalise and enter into:

- a. the JV contract documentation, as set out in the Part 2 report (annex 2), with Places for People Group (PIP);
- b. conclude contract requirements for the provision of an operating lease within the parameters set out within the Part 2 report

Reasons for Decision:

The JV, as outlined in the Cabinet report in December 2017, offers direct participation and engagement with the private sector, giving proportionate control and direction.

The JV will enable 5CC to assist in enhancing economic prosperity within the County, through the delivery of mixed use development schemes, and potentially securing a long term revenue stream to the Council.

Decision taken by:	Joanna Killian, Chief Executive Tim Oliver, Cabinet Member for Property and Business Services John Stebbings, Chief Property Officer
Decision taken on:	13 June 2018
To be implemented on:	13 June 2018

Alternative options considered

A JV partner is not appointed – SCC would continue to promote and dispose of assets based on current corporate priorities.

Summary of any financial implications

None

Declarations of conflicts of interest

None

Consultation/Process Followed

N/A

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Background Documents

Exempt:

Annex 1 – JV contract documentation structure	Yes
Annex 2 – Knight Frank Letter of Reliance	Yes
Annex 3 – Bevan Brittan Letter of Reliance	Yes
Annex 4 – JV Annual Business Plan – Confidential	Yes