

POLICY DEVELOPMENT COMMITTEE HELD ON 6TH JUNE 2022

MINUTE EXTRACT IN RELATION TO ITEM 9 ON THE AGENDA

20. PROPERTY MANAGEMENT CONTRACTS FOR GREEN LANES SHOPPING CENTRE

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Property Management Contracts for Green Lanes Shopping Centre.

The Director of Resources and Deputy Chief Executive highlighted the following:

- Full Council approval in June 2021 delegated authority to the Chief Executive after consultation with Group Leaders and the Lead Member was given to appoint managing agents and to enter into multiple contracts for the asset, property and facilities Management of the Centre.
- Three contracts were put in place for a period of up to 12 months each to allow the transition of the asset to the Council and for Officers to gain understanding of the operational requirements of the business moving forwards. The report set out the options for the requirement of these contracts beyond the existing contract terms.
- The current contracts expire in September 2022 and November 2022 and to ensure continuity an appropriate procurement route needs to be taken and this allows for the new contracts to co-terminate simultaneously.
- There was insufficient time to run a full open tender procurement process and there does not appear to currently be a framework agreement that the Council can access and includes our incumbent supplier, to allow them an opportunity to win a longer term contract, and which covers the subject matter that would enable an award through this route. Strategy and Resources Committee - 6 June 2022
- The above timeframe allowed officers to investigate a longer term arrangement through a framework agreement award mechanism or an open tender procurement.
- By extending the contracts by a period of up to 14 months (November 2023) from the date of their current expiry would allow for the three contracts to expire together.
- The three contracts that were with Praxis Real Estate Management were the Management Services Agreement, Sole Agency Agreement and Asset and Property Management Agreement (as detailed in paragraph 4.4 of the report).
- The options open to the Council for these contracts were waiving contract procedure rules, to appoint through a framework agreement and procurement through an open tender as detailed in paragraph 4.6 of the report.
- The associated risks with procurement award of this nature as detailed in paragraph 4.8 and 4.9 of the report.

- The relationship with Praxis had been extremely positive between Council officers and both the Centre's staff and tenants and a significant amount of work and investment by all parties has gone into the first six months of occupation to build the foundations moving forwards with the result being that 5 of the vacant units being successfully let, substantial interest generated in other vacant units, as well as plans for capital enhancements being mapped out.

- It was important that this continuity builds to ensure the Council maximised the potential of this relationship in these early years and allow the agent to fully engage with the tenants; understand the operational requirements of the asset and ensure optimum rent and service charge collection; and therefore the recommendation is to extend the current contracts by a period of up to 14 months from the date of their current expiry. During this period, the team would carry out an ongoing procurement route through a framework agreement or tender process for the longer term contractual arrangements.

- The value of the three contracts as detailed in paragraph 5.1 of the report.

In response to questions, the Director of Resources and Deputy Chief Executive advised the following:

- The Council was currently in the process of closing last year's accounts for 2021-22 year. The proposed level of income was set out in the original business case. The net return to the Council being forecast in April 2022 was higher than forecast in the original business case. Work was being carried out to fill the remaining empty units. The proposed forecast for income was on track and better than envisaged.

- One of the contracts included security management and cleaning and there was a number of bespoke agreements in addition to this.

- Future modelling included an increase in costs for contracts and service charges.

- Discussions were currently underway for a potential tenant for one of the large units which was currently vacant. The Council was also exploring other uses for the vacant units within the centre.

- An up-to-date position regarding footfall in the centre could be provided. Strategy and Resources Committee - 6 June 2022.

RESOLVED that the Contract Procedure Rules be waived and the three contracts with Praxis Real Estate Management outlined in paragraph 4.4 of the report be extended by a period of up to 14 months (November 2023) from the date of their current expiry.