

Part 1 – Open to the public	ITEM NO.
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REPORT OF
The Strategic Director Place
TO
Procurement Board
ON
4th March 2020

TITLE: Approval to go out to competition for the appointment of a managing agent for 100 Embankment, Salford

RECOMMENDATION:

That Procurement Board grant authority for a managing agent for 100 Embankment, Salford to be procured in accordance with the Council's Contractual Standing Orders through an open tender.

EXECUTIVE SUMMARY:

The Council has committed to forward fund the construction of 100 Embankment, Salford which will provide ground and 8 upper floors of grade A office space. The purpose of this report is to request approval to go out competition to identify a property managing agent who has the capacity and proven experience of managing multi-occupied, grade A office space.

BACKGROUND DOCUMENTS:

None – The reports approving the Council's funding of 100 Embankment were Part 2 reports.

KEY DECISION: No

DETAILS:

At the Property and Regeneration Briefing on the 22nd May 2017, terms were approved for the City Council to forward fund the construction of 100 Embankment as part of the wider Salford Central regeneration. Practical completion of the building is forecast for May 2020 at which time the building will be handed over to the Council. The Council is responsible for ensuring that the building is managed to a standard comparable to

other prestigious office buildings in the city centre. Take up of grade A space across the city centre is still strong and although no tenants are yet confirmed, marketing activity continues to identify occupiers.

A managing agent will provide both on site services to tenants but also the administrative functions of billing the rent and service charge on an ongoing basis. The services are similar to those provided in One New Bailey which continues to operate successfully. The appointment of a managing agent in advance of completion of the building is crucial for both the mobilisation of the building, its readiness to receive tenants and its attractiveness to new occupiers.

The fee payable to the managing agent for the provision of all services is recoverable from the tenants under the building service charge and is estimated to be of a value in the range of £600-80,000 per annum. If the building proceeds to be fully let, there will be no financial impact on the Council from this contract.

It was originally understood that the contract for this service would be let by the Council's developer partner and novated to the Council upon practical completion of the building. However, there were concerns that this would not be a compliant route to market therefore it is proposed to tender this contract as a second lot alongside the procurement of a managing agent for 2 New Bailey Square which was recently approved by Procurement Board.

Experience of managing similar properties is not available in-house therefore it is recommended that the Council's requirement for these services is put out to market.

KEY COUNCIL POLICIES:

Salford 2025 Regeneration
Creating prosperity in Salford

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

There are no equality impacts arising as a consequence of this report.

ASSESSMENT OF RISK: Low

SOURCE OF FUNDING:

Any fees not recovered from tenants of the building through the service charge will be payable by the City Council. Provision for the costs of void space in the building is covered by the incentive pot held by the Council within the New Bailey reserve. This is in line with the council's approach to the management of both the properties at New Bailey and 100 Embankment on a portfolio basis.

LEGAL IMPLICATIONS: Supplied by: Tony Hatton, Principal Solicitor, tel. 219 6323

When commissioning contracts for the procurement of goods, services or the execution of works the Council as a 'contracting authority' must comply with the Public Contract Regulations 2015 (PCR) as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value, failing which the award of a contract may be subject to legal challenge.

The report sets out that the Council proposes to enter into a compliant procurement process for the appointment of a managing agent at 100 Embankment. Undertaking a tender exercise in this way will give some comfort to the Council in ensuring that value for money is being obtained and tested, with open competition maintained. The carrying out of a compliant procurement exercise will ensure that the risk of challenge to the final award of the contract to the selected managing agent is minimal and that any challenge, should it materialise, is unlikely to be successful.

FINANCIAL IMPLICATIONS: Supplied by: Chris Mee - Strategic Finance Manager Ext 0434

As detailed within the report, the cost of managing agent will largely be met through service charges to tenants payable to the Council. Provision for the cost of fees not recovered on assumed void space has been built into the budget projections for this scheme. Any variation to these assumptions will be managed as part of the overall lettings risk to the council through the tenant incentive pot held within the New Bailey reserve.

PROCUREMENT IMPLICATIONS: Supplied by: Heather Stanton ext. 6241

The tender will be conducted in accordance with the Council's Contractual Standing Orders. Procurement has been engaged with the Property Management Team and has identified a compliant route for the tendering of these services. It is expected that the contract will be in place before May 2020 for tendering of Property Management Services. A compliant tendering process ensures the Council gains value for money and the risk of challenge is minimal.

OTHER DIRECTORATES CONSULTED:

None

CONTACT OFFICER: Steven Keigher

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WARD(S) TO WHICH REPORT RELATE(S): Ordsall
