



Operational Officer Decision Record

Where the decision has a financial value of between £100k - £350k and does not have a **significant** impact on two or more wards

1. Subject and details of the matter (to include reasons for the decision and detail of any previous cabinet decision)

To appoint Montagu Evans via an Exception Request (ER) for the Property Management of Freshney Place, related to the Council's acquisition of the centre, as per the Cabinet report presented on June 22nd, 2022, which was approved at the full Council meeting on July 14th, 2022, and the Officer Decision Record (ODR), which was approved on 23rd August 2022, related to the appointment of Queensberry Real Estate for the Asset Management of Freshney Place.

As outlined in the Cabinet report dated June 22nd, 2022, it is the Council's intention to appoint professional asset and property management providers to ensure the centre functions appropriate moving forward.

A previous ER and ODR was approved regarding the appointment of a new asset manager (Queensberry) for a 12-month period, pending the procurement of a long-term providers.

The purpose of this contract is to appoint Montagu Evans as the professional provider of Property Management for Freshney Place, related to the Council's acquisition of the centre, for an 18-month period (to avoid both appointments ceasing at the same time), pending the procurement of a long-term provider.

The property management function concerns the day-to-day operational management of the centre, including security, maintenance, and on-site teams. In addition, the property management function will include the collection of rent from tenants of the centre.

The property management and asset management functions will closely align to ensure the business plan for the centre, agreed with the Council, is implemented effectively, regarding the retainment of existing tenants and attraction of new ones.

The cost of the property management function (including its activities) forms part of the service charge budget of Freshney Place, which is payable by its tenants, i.e., this is not a direct cost to the Council.

As outlined in the ODR approved on 23rd August 2022, the Council acquired Freshney Place from Receivers acting on behalf of the previous owners and therefore had to appoint new property managers. The existing property managers agreed to continue providing this service until the end of September, allowing the opportunity to appoint a new provider.

Due to the limited timeframe available to the Council, the appointment will be made through a call off procedure via the Crown Commercial Procurement Framework, which is a government procurement framework, where providers have been procured via a competitive process. Local Government can use this framework to appoint framework providers for a variety of property related disciplines, including property management services.

As outlined later in this report, Montagu Evans has extensive knowledge of Freshney Place, its occupants, and stakeholders due to their previous involvement and are therefore in a position to commence this operation within the short timescale involved in this appointment and therefore it is proposed they be appointed to undertake this service for 18 months whilst a more extensive procurement process is undertaken regarding a longer-term appointment.

2. Decision being taken

To permit the Executive Director Environment, Economy, and Resources to appoint Montagu Evans to provide Property Management services to the Council regarding Freshney Place shopping centre for an 18-month period, at a cost of £312,000.

3. Anticipated outcome(s)/benefits

The appointment of Montagu Evans to provide the Property Management for Freshney Place.

As outlined above, the property management function is critical to the success of Freshney Place, because it will oversee the day-to-day operation of the centre and work closely with the asset management function.

As also outlined earlier in this report, the Council acquired Freshney Place from the Receivers, the existing property management provider agreed to remain in situ until the end of September 2022 to support the Council's takeover of the centre, but no longer, as they plan to cease providing these services moving forward. Therefore, it is critical that this appointment due the reasons outlined above, and due to the short timescale involved from acquisition to the current provider ceasing their services, appointing of Montagu Evans, via the Crown Commercial framework, is the most expedient way of undertaking this appointment and ensuring the Council has this function in place on 1st October 2022. This will ensure the service is in place and that operations continue from the beginning of October. Should this service not continue then without a property manager in place, the centre's operations would be at risk of ceasing, meaning that the centre could not operate safely.

In addition to timing, the other key aspect behind this request is that Montagu Evans has extensive knowledge of Freshney Place, as they supported the Council by providing specialist property consultancy support throughout the acquisition of the centre and have also provided advice regarding the Leisure Scheme that will form part of Freshney Place's future. Montagu Evans has been working with the Council for over 12 months on this scheme and built-up extensive knowledge of the centre whilst also developing relationships with current occupiers of the centre and Queensberry, who are providing the asset management functions for the centre.

Consequently, appointing Montagu Evans will provide the Council with a trusted supplier to take over the property management function immediately upon the cessation of the current provider's service, with existing relationships with occupiers and other suppliers, already in place.

This would enable a swift transition from the current providers, ensuring continuation of a service that is critical to supporting the centre's operational and financial performance, and reducing the Council's risk accordingly.

Montagu Evans has extensive experience and knowledge of the UK retail sector and provide property management services to shopping centres throughout the UK, including several that are now owned by Local Authorities, such as Freshney Place.

The appointment is time limited for 18 months, providing the Council with an opportunity to procure a medium to long term provider, once it has had the opportunity to review its operation of the centre moving forward.

Finally, this appointment allows the Council to embed its plans for Freshney Place in accordance with the approvals provided by Cabinet and Full Council, plus the proposed appointment aligns with analysis provided by Queensberry (asset manager) regarding the property market function, plus they have also advised that the costings reflect the current market fees for this type of work.

In summary, the appointment of Montagu Evans to undertake property management functions regarding Freshney Place, is a critical service that will not be in place from 1st October without this appointment. Montagu Evans are a trusted supplier with appropriate experience to undertake this work and the Council has received independent professional advice that this reflects current market fees and therefore provides value for money to the Council.

4. Details of any alternative options considered and rejected by the officer when making the decision

The alternative option is not to appoint a Property Management provider upon the cessation of the current supplier's service and seek to tender for these services.

This has been rejected because it is critical to ensure that the operational performance of Freshney Place is being supported immediately upon cessation of the current provider's service, to protect the Council's financial interest in the centre.

In addition, because of Montagu Evan's track record and existing knowledge of Freshney Place, their appointment will ensure a smooth transition for tenants regarding the Council's ownership.

5. Background documents considered (web link to be included or copies of documents for publishing)

None

6. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

No

7. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

N/A

8. Monitoring Officer Comments (Monitoring Officer or nominee)

The direct award has been approved by way of exception request, in line with the Contract Procedure Rules (CPR's), which, where permitted by the Public Contracts Regulations 2015, exceptions to the requirements of the CPR's can be actioned with clearly documented reasons.

The appointment is being made through a recognised procurement framework and Montagu Evans are named supplier on the framework with appropriate experience to undertake this work.

Legal Services and external legal colleagues are engaged in the appointment process and will support all necessary legal formalities which are required to be undertaken.

9. Section 151 Officer Comments (Deputy S151 Officer or nominee)

As outlined above, the costs of the property management contract will be recovered via a service charge to tenants.

10. Human Resource Comments (Head of People and Culture or nominee)

There are no direct HR implications

11. Risk Assessment (in accordance with the Report Writing Guide)

The key risks associated with this decision are:

- reputational risk to the Council, should the acquisition not be successful; and
- reputational risk to the Council, should it acquire Freshney Place, but not be successfully managed.

As highlighted in the original Cabinet report dated 22nd June 2022, if Freshney Place had not been acquired by the Council then it could be, by an opportunistic investor. This would impact upon the wider regeneration initiatives underway within Grimsby Town Centre and risk losing momentum in creating public pride in our place. Therefore, this report sets out the opportunity to acquire Freshney Place and how this would support the wider regeneration of the town centre.

If the Council acquires Freshney Place, but robust management is not put in place then reputational risk to the Council could ensue. As highlighted in this report, it is intended that the Council will procure specialist management support, who would run the centre as an arm's length operation, reporting into the Council. This will ensure appropriate management expertise is in place

12. If the decision links to a previous one taken by Cabinet, has the Cabinet Tracker been updated?

Freshney Place Acquisition – Cabinet – 22nd June 2022

Freshney Place Acquisition – Full Council – 14th July 2022.

13. Decision Maker(s):

Name: Sharon Wroot

Title: Executive Director Environment
Economy and Resources

Signed: REDACTED

Dated: 4th October 2022

**14. Consultation carried out with
Portfolio Holder(s):**

Name: Cllr Philip Jackson

Title: Leader and Portfolio Holder for
Economy, Net Zero, Skills and
Housing

Signed: REDACTED

Dated: 4th October 2022