

NON KEY DECISION: REPORT TO CABINET MEMBER

DECISION TO BE TAKEN BY: Councillor Helen Goral
Cabinet Member for Growth and Communications

REPORT AUTHOR: Paul Thomas, Strategic Director for Growth
Debbie Muddimer, Strategic Director for Resources

REPORT NO. DSK003

DATE: 13th December 2018

SUBJECT OF NON KEY DECISION:	Confirmation and selection of the private sector partner for DeliverSK and commencement of legal processes to form the new partnership.
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CABINET MEMBER REMIT:	The Cabinet Member has responsibility for Growth and Communications and has Delegated Authority from Cabinet (meeting of 6 th September 2018) to confirm the private sector partner and enter into necessary legal agreements to set up DeliverSK.	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	<p>This report is publicly available on the Council's website www.southkesteven.gov.uk via your Council and Democracy link</p> <p>Due to the commercial sensitivities that apply to the partner selection process, the details of the potential partners considered throughout the selection process are contained in the exempt appendix attached to this report. The appendix is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) for the reasons referred to in paragraph 1.5 of this report.</p>	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No

BACKGROUND PAPERS:	<p>Report DSK001 – DeliverSK Growth Overview and Scrutiny Committee (29th August 2018) http://moderngov.southkesteven.gov.uk/documents/s21224/DeliverSK%20Report%20to%20Growth%20OSC%20290818.pdf</p> <p>Report DSK002 – DeliverSK. Cabinet (6th September 2018) http://moderngov.southkesteven.gov.uk/documents/s21251/DeliverSK%20Report%20to%20Cabinet%20060918.pdf</p> <p>Report CFM473 – Budget Framework Proposal Council (27th September 2018) http://moderngov.southkesteven.gov.uk/documents/s21424/CFM473%20BFCouncil%20Sept%202018v2.pdf</p>
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1. **PURPOSE OF REPORT**

- 1.1. DeliverSK will be the Council's arm's length physical growth and regeneration delivery vehicle. It will work alongside InvestSK to focus on delivering a range of potential projects, including (but not limited to):
 - 1.1.1. Medium and large-scale housing developments (including social and affordable housing)
 - 1.1.2. Office and employment space development and refurbishment
 - 1.1.3. Leisure facility development and refurbishment
 - 1.1.4. Mixed-use regeneration schemes
 - 1.1.5. Securing institutional investment and identifying grant opportunities
- 1.2. DeliverSK will manage multiple projects at different stages in their development simultaneously. In the September 2018 Cabinet report on establishing DeliverSK, it was noted that although a conventional procurement process would not be required, a transparent process would be undertaken to select a partner with the following characteristics.
 - 1.2.1. Experience of working with the public sector, sharing SKDC's values and commitment to growing the economy of the district
 - 1.2.2. Diverse access to capital markets and finance, creating necessary flexibility for different funding for different project types
 - 1.2.3. Commercial skills and experience across a range of corporate and property transactions and developments
 - 1.2.4. A commitment to a long-term partnership on a fair and equal basis, working constructively with SKDC representatives on project development
 - 1.2.5. Understanding the Council's ambitions and supporting community priorities and projects

- 1.3. A four-stage process was undertaken for partner selection.
 - 1.3.1. Firstly, a long-list of options was drawn up of potential partners, either from their public presence in this sector, their participation in existing or past partnerships with the public sector, or because they had previously approached SKDC along a partnership or Joint Venture (JV) line.
 - 1.3.2. Secondly, this long-list was narrowed to a short-list of potential partners based on the criteria above and a desk-top assessment of how they would 'fit' with SKDC and its distinct ambitions.
 - 1.3.3. Thirdly, the 3 short-listed potential partners were asked to submit their proposals, which were then assessed.
 - 1.3.4. Finally, the preferred partner from this process was invited to present to Councillor Goral, her Cabinet colleagues, and senior officers, on 12th December 2018.

- 1.4. More detail of the stages is provided in paras 1.6 to 1.10 below.
- 1.5. The details of the potential partners considered through this process are set out in the exempt appendix attached to this report to preserve the Council's commercial position. Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) applies to the information contained in exempt appendix 1 because it relates to the financial or business affairs of an individual or organisation (including the Council). Having regard to the public interest test, it is considered that on balance it is necessary to protect the Council's and the potential partners' respective commercial positions by applying this exemption. If that were not the case, the parties' positions would be compromised and/or prejudiced.

Stage 1

- 1.6. The long-list included a mix of institutional, local and specialist investment potential partner options. This was based on market intelligence, consideration of sector involvement in partnerships of different forms with local authorities, and direct approaches made to the Council by interested parties following the announcement of the DeliverSK initiative.
- 1.7. Nine potential partners were considered. These potential partners are named in Exempt Appendix 1.

Stage 2

- 1.8. Using the criteria set out in paragraph 1.2 above, the long-list was narrowed down to three. Evidence of the consideration of the potential partners against the agreed criteria is set out in Exempt Appendix 1.

Stage 3

- 1.9. All three shortlisted potential partners submitted their proposals, which were considered by the Strategic Director for Growth.

Stage 4

- 1.10. The recommended partner was invited to present to Councillor Goral and her Cabinet Colleagues. The presentation took place on 12th December, and Cabinet supported Councillor Goral in respect of the recommendation contained within this report.

2. RECOMMENDATION(S)

- 2.1. It is recommended that the company named in Exempt Appendix 1 is selected as the private sector partner with whom the Council will set-up DeliverSK, and that due diligence and legal processes are commenced so that DeliverSK can be formally created and start work as soon as practically possible.

3. REASONS FOR RECOMMENDATION(S)

- 3.1. The recommended partner was selected following an agreed process that assessed a long-list of potential partners against criteria agreed by Cabinet on 6th September 2018.

4. COMMENTS FROM FINANCIAL SERVICES

- 4.1. The budget for the initial set-up costs and initial working capital for DeliverSK has been approved by Council.

5. COMMENTS FROM LEGAL AND DEMOCRATIC SERVICES

- 5.1. Expert legal advice has been taken on the process to select a partner (see section 14 of report DSK001).
- 5.2. The process set out in reports DSK001 and DSK002 was expanded to include a presentation to Cabinet; so that it could support Councillor Goral in her decision making.

6. OFFICER CONTACTS

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7. DATE DECISION EFFECTIVE:

7.1. If decision made on 19 December 2018 date effective will be 31 December 2018