

From: **Simon Jones, Corporate Director, Growth, Environment and Transport Directorate**

To: **Paul King, Cabinet Member for Economic Development & Coastal Regeneration**

Subject: **Old Rectory Business Centre Management Contract**

Key decision **25/00043**

Classification: **Unrestricted**

Past Pathway of report: Economic Development and Communities Cabinet Committee September 2024 and July 2025

Future Pathway of report: For Cabinet Member Decision

Electoral Division:

- Matthew Fraser Moat, Northfleet & Gravesend West
- Sharon Roots, Northfleet & Gravesend West

Summary:

The Old Rectory Business Centre in Northfleet is a KCC-owned facility that has offered high quality office space to local businesses since 2009. In September 2024 the Growth, Economic Development and Communities Cabinet Committee agreed that the necessary steps be taken to dispose of the property as a going concern. The Committee also approved an extension to the current management contract for a period of nine months (expires at end of August 2025) to allow time to undertake disposal. Whilst good progress has been made in preparation for the disposal, further extension of 15 months to contractual arrangements is now required to continue the process.

Recommendation:

The Cabinet Member for Economic Development & Coastal Regeneration is asked to

1. **APPROVE** the extension of current contractual arrangements for three months from (1 September 2025) to (30 November 2025) and undertake a procurement process to secure management services for a further 12 months with extension clauses to 30 November 2026 to allow time to undertake the disposal and ensure that any new owner has the option of an existing management company in place.
2. **CONFIRM** the decision to dispose of the Old Rectory Business Centre in Northfleet as a going concern as detailed in decision 24/00083
3. **DELEGATE** authority to the Director of Growth and Communities, working with the Director for Infrastructure in consultation with the Cabinet Member for Economic Regeneration and Coastal Communities to exercise relevant contract extensions and oversight of a procurement process and enter into relevant contracts or legal agreements

4. **DELEGATE** authority to the Director of Growth and Communities to take other relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision to extend and reprocur management services; as shown at Appendix A.

1. Introduction

- 1.1 As explained in greater detail in the [report presented to the KCC Growth, Economic Development & Communities Cabinet Committee](#) in September 2024, the [Old Rectory, Northfleet](#) is a KCC-owned facility, managed by an external service provider which has offered high quality office space to small and medium sized enterprises (SMEs) since 2009. In September 2015 the Growth, Economic Development and Communities Cabinet Committee (GEDCC) approved the procurement of management services at the centre, to test the market to ensure value for money. Following a Public Contract Regulations-compliant procurement process, a seven-year contract was awarded to “Basepoint Centres Ltd” in December 2015 with provision for up to four years of extensions if required. Following a recommendation from GEDCCC and a decision from the Cabinet Member for Economic Development in May 2023, the original contract was extended for one year to allow the centre to continue to provide premises and business support services to local firms and enable the KCC to undertake a review of options for its future.
- 1.2 In September 2024 the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services in consultation with the Cabinet Member for Economic Development was asked to approve and delegate to the Director of Growth and Communities working with the Director of Infrastructure the authority to extend the current contract for a period of nine months to allow time to undertake the disposal of the Old Rectory Business Centre as a going concern. The centre currently generates income for KCC but the rationale for the decision was to reduce KCC’s resourcing liabilities while ensuring that the centre continues to meet a need for serviced office space in Kent and retaining the economic benefits for the county but under the control of an external owner.
- 1.3 Since the September 2024 decision a Legal firm was commissioned in October 2024 to produce a Report on Title, to conduct extensive searches and investigations of the property. The Report, which was completed in January 2025 serves as a legal summary, highlighting any potential concerns, limitations, or rights that are related to the property. Following on from this an external Chartered Surveyor was appointed in February 2025 to produce a comprehensive property valuation ahead of the proposed sale, and this was completed in April 2025. There is a level of complexity around the valuation due to outstanding leases on the site and any values would be subject to market interest.

2. Background

- 2.1 The Old Rectory is a KCC owned property, managed as business centre and currently offers 28 furnished offices providing a minimum of 100 workstations.

There is a general lack of workspace available for businesses in the county and the Old Rectory meets an established need for local SMEs in the Gravesham borough.

- 2.2 Presently the Old Rectory is almost at full occupancy (96%), with a wide variety of businesses operating from the centre, working within areas of energy efficiency, construction, care support, IT, software, lighting, waste management, recruitment, counselling and surveying services. Some 25 businesses are currently based there, employing around 100 people, with many more employees located outside of the centre. Small businesses benefit significantly from the facilities available at the Old Rectory which provides a dynamic, flexible environment in which to grow and benefit from networking and peer-to-peer support on site.
- 2.3 The current service provider is required to undertake the following tasks:
- To promote and market the business centre space, manage the sales process, and negotiate licenses. Collect and hold deposits, invoice, and recover monthly Licence fees and consumables
 - To provide cost effective property management services to the whole building, including telecoms, IT, reception, cleaning, security (including the wider site), repair & maintenance, utilities, waste, health & safety/compliance, and landscaping (note that the buildings insurance is covered under a KCC bulk policy)
 - To provide proactive business centre management services to both the business centre customers, including telecoms, support and guidance where needed, deliveries, post, etc.
 - Provide a range of support and development measures for the new businesses
 - To manage the reception area providing welcome services, visitor management, information and ensure legislative requirements such as those for health and safety, DDA and equalities issues are properly addressed
- 2.4 In addition to the above, the provider is responsible for:
- All running costs, including utilities and marketing
 - Procuring and managing the core property management services, providing centre staff, and delivery of all services to the building and its occupiers
 - The licensee agreements
 - Reporting to KCC on a quarterly basis (on-site meetings)
 - Providing KCC with monthly accounts detailing the previous month's income and expenditure
- 2.5 KCC's Growth and Communities division is responsible for both the contract management and approving maintenance/improvement works at the centre, as well the financial monitoring of the Old Rectory which includes invoicing for the reimbursement of profit to KCC on an annual basis. KCC's Infrastructure division maintains responsibility for property level compliance, including asbestos management, water hygiene, electrical certificates, fire risk assessment, gas safety and lift policies.

- 2.6 KCC has recently heard that a number of tenant businesses on the site have ideas about potential improvements that could be made to enhance the facilities and service offer. While KCC remains the owner of the site during the disposal process, the options below include provision for tenant feedback to be considered in the short term to retain and boost occupancy rates while ensuring that any handover arrangements to a new owner include the possibility of avoiding a change in management company to minimise disruption to businesses and employees on the site.

3. Options

- 3.1 Option 1 – Preferred option. Extend the current management contract for a duration of three months to the end of November 2025 and undertake a procurement process for management services for an additional 12 months with extension clauses that could be made use of to complete the property disposal process and ensure smooth handover of control while considering views from business tenants on the site and ensuring best value. The Director of Growth and Communities will have delegated authority to enter into a short-term contract extension with the current management company and sign off the subsequent re-procurement exercise. The existing contract will continue as per the current terms and conditions for three months to the end of November 2025. The service provider has indicated that they would agree to a contract extension. The proposed three-month contract extension is permissible in line with Clause 2.2 of the current contract document.
- 3.2 Option 2 – Extend the current management contract for a duration of 15 months to the end of November 2026 to complete the property disposal process and ensure smooth handover of control. The Director of Growth and Communities will have delegated authority to enter into the contract extension. The contract will continue as per the current terms and conditions for three months but would not enable KCC to test the market to ensure best value or to seek the views of current tenants regarding the current service provision and any enhancements that could be made. The service provider has indicated that they would agree to a contract extension. The proposed contract extension is permissible in line with Clause 2.2 of the current contract document.
- 3.3 Option 3 – Do nothing and allow the management contract to end on 31st August 2025. This is not a preferred option, as this could lead to the closure of the centre which would be highly detrimental to businesses located at the centre and damaging to the local economy and local residents employed at the centre. Gravesham borough has a shortage of office space for SMEs, as detailed in the previous GEDCCC report.

4. Alignment to KCC Strategies:

- 4.1 The GEDCCC decision to dispose of the property as a going concern, to ensure the Old Rectory continues to operate as a business centre, aligns with the following KCC strategies:
- 4.2 **Framing Kent's Future 2022-2026** by boosting economic growth and support Small and Medium-sized businesses.

- 4.3 **Securing Kent's Future - Budget Recovery Strategy** by securing a one-off capital receipt to invest in KCC's priority projects and programmes whilst also streamlining KCC's property portfolio, achieving financial and efficiency benefits.
- 4.4 **Kent & Medway Economic Framework** by supporting the conditions for growth through ensuring the ongoing availability of high-quality workspace for local businesses under a transfer of management responsibilities to an external buyer.

5. Financial Implications

- 5.1 The centre returns c. £50k-£60k in income to KCC annually and is used towards funding property improvements and maintenance costs (approximately £20K per annum), as well reimbursing KCC officer time spent (approx. £7K) on the project leaving a profit of around £20K after KCC's overheads are considered. With the disposal of the property KCC will no longer receive this income, but as we are looking for a buyer who will continue to run it as a business centre, the economic benefits to Gravesham and the boost/support to local small & medium sized businesses will remain. The disposal of the centre as a going concern could achieve a one-off capital receipt for KCC.

6. Legal implications

- 6.1 The proposed contract extension would be taken in line with Clause 2.2 of the Contract document. Challenge of a short contract extension on these grounds is deemed to be low risk, particularly as work will be underway to dispose of this asset as a going concern. Re-procuring the management of the centre on a short-term basis (an additional 12 months) would ensure a fair process is followed to select a supplier while KCC owns the site and works towards disposal as a going concern.

7. Equalities implications

- 7.1 An Equality Impact Assessment for this proposal was published in 2024, with low/no negative impact on Protected Characteristics. Some sections of the Grade II* listed section of the centre are less accessible to those with a physical disability, or age-related disability. KCC and Basepoint have made reasonable adjustments to this section of the property (without breaching the law protecting listed buildings) to minimise any negative impacts for customers or employees with limited mobility. The assessment also identifies positive impacts on Protected Characteristics given the provision of high quality, accessible work space for employees of local firms. The EqIA was recently reviewed and remains fit for purpose.

8. Other Corporate Implications

- 8.1 The sale of the property will generate a one-off capital receipt back for KCC to reinvest in other strategic priorities or improve the County's financial position.

9. Governance

- 9.1 The Director of Growth and Communities will have delegated authority to enter into a short-term contract extension with the current management company and sign off a procurement process.

10. Conclusions

- 10.1 The **Old Rectory, Northfleet** is a KCC-owned facility, managed by an external service provider and has offered high quality office space to SMEs since 2009 offering 28 furnished offices providing a minimum of 100 workstations.
- 10.2 Presently the centre is almost at full occupancy (96%), with a wide variety of businesses operating from the centre.
- 10.3 In September 2024 the decision was made to dispose of the property as going concern. A nine-month extension was given to undertake disposal. The current management contracts ends on 31st August 2025.
- 10.4 An additional period of 15 months (to 30 November 2026) is required to market the property, complete disposal and carry out smooth handover to the new owners and ensure that the site continues to operate as a managed work space facility.

11. Recommendations:

The Cabinet Member for Economic Development & Coastal Regeneration is asked to

1. **APPROVE** the extension of current contractual arrangements for three months from (1 September 2025) to (30 November 2025) and undertake a procurement process to secure management services for a further 12 months with extension clauses to 30 November 2026 to allow time to undertake the disposal and ensure that any new owner has the option of an existing management company in place.
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12. Background Documents

- Appendix A – Proposed Record of Decision
- Appendix B – EqIA

13. Contact details

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