

(Please don't add page numbers or an item number and delete this note)

From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet committee

Subject: **The Old Rectory (contract for management of services)**

Key decision: Exceeds financial criteria (contract value of over £1m)

Classification: Unrestricted

Past Pathway of Paper: Procurement Board on 22nd July 2015

Future Pathway of Paper: For decision by Cabinet Member

Electoral Division: Gravesend West

Summary:

Kent County Council is seeking to re-procure specialist Management Services at The Old Rectory business centre in Northfleet, a Kent County Council owned facility that offers high quality office space to SME's and new businesses. The previous contract for management services was awarded in 2009 to an external supplier for a period of five years, with an extension granted for a further one year which expired in May 2015. The current contractual arrangements remain on a month on month rolling basis. The decision will enable the centre to continue to provide business support services to local SME's and new business for a further seven years. The net profit over the next seven years is estimated to be £448k (against an estimated gross income of £1.96m).

Recommendation:

The Cabinet Committee is asked to consider, endorse or make recommendations to the Cabinet Member for Economic Development to give approval to Kent County Council to re-procure Management Services at The Old Rectory business centre, Northfleet.

1. Introduction and Background

1.1 The Old Rectory, Northfleet is a Grade II* listed property with a 20th Century annexe, located between two of the most deprived wards in Kent Thameside, providing high quality business space and incubator services to SME's. The building was purchased by KCC in 2004 initially to house the Kent Thameside Delivery Team and to fulfil the strategic objective of providing much needed premises and business support services for growing Kent's new and small businesses. Currently, the business centre offers in total 27 furnished offices providing a minimum of 79 workstations.

- 1.2 The centre's strategic location close to Ebbsfleet International Station and unique character has allowed The Old Rectory to become an exemplar facility with 100% occupancy rates for the majority of the time since opening.
- 1.3 In 2009 the contract for management services at the centre was awarded to a supplier for a period of five years, with an extension granted for a further one year which expired in May 2015. The current contractual arrangements in the short term remain on a month on month rolling basis.
- 1.4 Kent County Council is seeking to re-procure specialist Management Services at The Old Rectory business centre in Northfleet and are currently undertaking an open OJEU process with the intention of awarding a seven year contract to an external supplier, subject to a break clause in both end of year three and end of year five. The commissioning process has already commenced and it is anticipated that the evaluation process of tenders will commence at the end of September and contract awarded in October/November 2015.
- 1.5 Specifically Kent County Council will seek for the Supplier to undertake the following tasks:
 - 1.5.1 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.
 - 1.5.2 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 under a KCC bulk policy).
 - 1.5.3 To provide proactive business centre management services to both the business centre customers, including telecoms, support and guidance where needed, deliveries, post, etc.
 - 1.5.4 Provide a range of support and development measures for the new businesses.
 - 1.5.5 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. Outline Timescales

- 2.1 The procurement timetable is as follows:
 - Issue OJEU notice - End of July
 - Tender received - Mid-September
 - Evaluation - End of September
 - Clarification Meetings - Mid October
 - Submit Award Report - End October
 - Alcatel and finalise Contract - Mid November
 - Contract signature - end of November

3. Options

- 3.1 The current contractual arrangements in the short term remain on a month to month rolling basis which is not ideal for either party. Kent County Council has considered negotiation and extension of the existing contract without a call for competition, but whilst The Old Rectory has benefited from the current service provider maximising potential income generation from the centre, the full OJEU process will permit Kent County Council to test the market to ensure both price and value for money.

4. Risks

- 4.1 Any potential procurement risks, including likely consequences are outlined in The Old Rectory Procurement Plan (Appendix A).

5. Other Implications

- 5.1 Financial Implications: There are no additional financial implications for the County Council. The centre is self-funding and generates an annual profit, which is placed within a “maintenance fund” held by KCC, and is utilised as necessary, where works to the building in the future become necessary. The net profit over the next seven years is estimated to be £448k (against an estimated gross income of £1.96m).
- 5.2 Legal Implications: Any additions/adjustments to the standard contract produced in 2008/2009 (ratified by KCC Legal Services) will be passed to KCC Legal for checking ahead of the contract being put in force.
- 5.3 Equalities Implications: It is considered that an EIA is not needed. It should be noted that a diversity questionnaire will be requested from each tender response. In addition, the successful tender will be required to provide services consistent with the Council’s Equality and Diversity Statement.

6. The Strategic Statement and Corporate Objectives

- 6.1 ‘Increasing Opportunities, Improving Outcomes: Kent County Council’s Strategic Statement (2015-2020)’. The proposed decision meets the objectives of the strategic statement by delivering better outcomes for businesses, increasing business start-up rate and supporting Kent businesses to drive economic growth and deliver new jobs in Kent.
- 6.2 ‘Growth, Environment & Transport business plan 2015/16’ reflects the need for the ongoing supply of incubator space in Northfleet/North Kent. The Old Rectory will directly continue to ensure support to businesses; attracting inward investment within Kent, and potential for businesses to grow and expand.
- 6.3 The Kent and Medway growth strategy contained within the South East LEP Strategic Economic Plan (SEP) reflects the importance of innovation centres as part of a coordinated business support landscape. The SELEP sets out how publicly-supported space for innovation should align with financial assistance and advice to deliver a coherent programme of support for business.

7. Conclusions

- 7.1 The necessity for Kent County Council is re-procuring specialist Management Services at The Old Rectory business centre in Northfleet. Robust procurement processes will be undertaken to identify a potential supplier to provide business support services to local SME's and new business for a further seven years of operation. The net profit over the next seven years is estimated to be £448k (against an estimated gross income of £1.96m).
- 7.2 A competitive tendering process will permit KCC to test the market to ensure both price and value for money.
- 7.3 The Old Rectory is a much valued and important business resource which will continue to complement further the work of both Locate in Kent and funding schemes providing "access to finance for business"; both indirectly requiring availability of suitable office space within North Kent.

8. Recommendation

Recommendation:

The Cabinet Committee is asked to consider, endorse or make recommendations to the Cabinet Member for Economic Development to give approval to Kent County Council to re-procure Management Services at The Old Rectory business centre, Northfleet.

9. Appendices

- 9.1 The Old Rectory Procurement Plan (Appendix A)
- 9.2 The Old Rectory Record of Decision (Appendix B)

10. Contact details

Report Author: Lorna Wilkinson Principle Regeneration and Projects Officer 03000 417199 lorna.wilkinson@kent.gov.uk	Relevant Director: David Smith Director Economic Development 03000 417176 david.smith2@kent.gov.uk
---	--