



## Procurement Plan

<b>TITLE: Old Rectory, Northfleet :</b>		
<b>Value: estimate £1.96m gross income over 7 year contract</b>	<b>Ref: SS 15 25</b>	<b>Date: 22<sup>nd</sup> July 2015</b>
<b>Estimate £448k net profit over 7 year contract</b>		
<b>Procurement Lead:</b>	<b>John Tunnicliff</b>	
<b>Contract Lead:</b>	<b>Theresa Bruton, Head of Regeneration Projects Contract manager</b>	
<b>Client Lead: Lorna Wilkinson</b>	<b>Position Principal Regeneration Project Officer</b>	

### Commissioning Route

#### **Background:-**

The Old Rectory, Northfleet is a Grade II\* listed property with a 20<sup>th</sup> 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 to fulfil the strategic objective of providing much needed premises and business support services for growing Kent's new and small businesses.

Originally the listed part of the building provided high end office accommodation for the Kent Thameside Delivery Board and subsequently the Kent Thameside Regeneration Partnership (KTRP).. The annexed business centre provided fully furnished office space and meeting rooms.

KTRP ceased to exist in its current format with effect from 31<sup>st</sup> March 2011, and since they vacated the premises, further work has been undertaken to utilise all space and create additional fully furnished office space.

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. Apart from the first year of operation. It has generated an annual profit, which is being placed within a "sinking fund" held by KCC, to be utilised as necessary, where works to the building in the future become necessary.

**Purpose:-**

The facility continues to offer high quality office space to both SMEs and new business.

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 continue to compliment further the work of both Locate in Kent and funding schemes providing “access to finance for business”; both requiring indirectly availability of suitable office space within North Kent.
- The centre will directly continue to ensure support to businesses; attracting inward investment within Kent, and potential for businesses to grow and expand.

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.
- Para. 4.236 of the SEP sets out how publicly-supported space for innovation should align with financial assistance and advice to deliver a coherent programme of support for business.

**Current procurement requirements:-**

The Old Rectory contract was won by “Basepoint Centres Ltd” in 2009. This was after a full OJEU process had been undertaken for management services for the centre. Initially the contract was for a period of 5 years, with an extension granted for a further 1 year which expired in May 2015. The current contractual arrangements in the short term remain on a month on month rolling basis which is not ideal for either party.

The 1 year extension, was in the main approved on the basis that the centre had undergone major interior and exterior works to the centre spanning the previous 2 year period. Such works were considered to have already caused disruption to the licensees of the centre, and any further changes in respect of the operational management of the centre were not considered viable to run concurrently with the capital works programme.

It is now the intention to undertake an open OJEU process and award a 7 year contract, subject to a break clause in both end of year 3 and end of year 5.

**Description:**

What is required to be bought? Description, volumes, values and changes over time. Describe Clients and Funding source

**The facility:-**

The Old Rectory is a Grade II\* Listed building of approx 270sq m gross (2,900 sq ft) built in the early 16<sup>th</sup> Century (1510) and retaining many original features of historical interest. This space provides both furnished office space, a large meeting room, together with further open plan lobby space. The Rectory has a fitted kitchen (9.55 m<sup>2</sup>).

The Annexe is a modern building of approx. 6730 sq m gross (7,680sq ft) over three floors, and refurbished to provide further furnished office suites.

Currently the business centre offers in total 27 furnished offices providing a minimum of 79 workstations therein.

**We are seeking to re-procure Management Services primarily in support of New Business in Kent utilising the premises of the Old Rectory.**

**Specifically we will seek for the Supplier to undertake the following tasks:**

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.
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).
3. To provide proactive business centre management services to both the business centre customers, including telecoms, support and guidance where needed, deliveries, post, etc.
4. Provide a range of support and development measures for the new businesses.
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.

**Linkage to Category Strategy:**

This is not currently part of a Category Strategy.

**Business Objectives:**

The stated Business Objectives are as follows:

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.
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).

3. To provide proactive business centre management services to both the business centre customers, including telecoms, support and guidance where needed, deliveries, post, etc.
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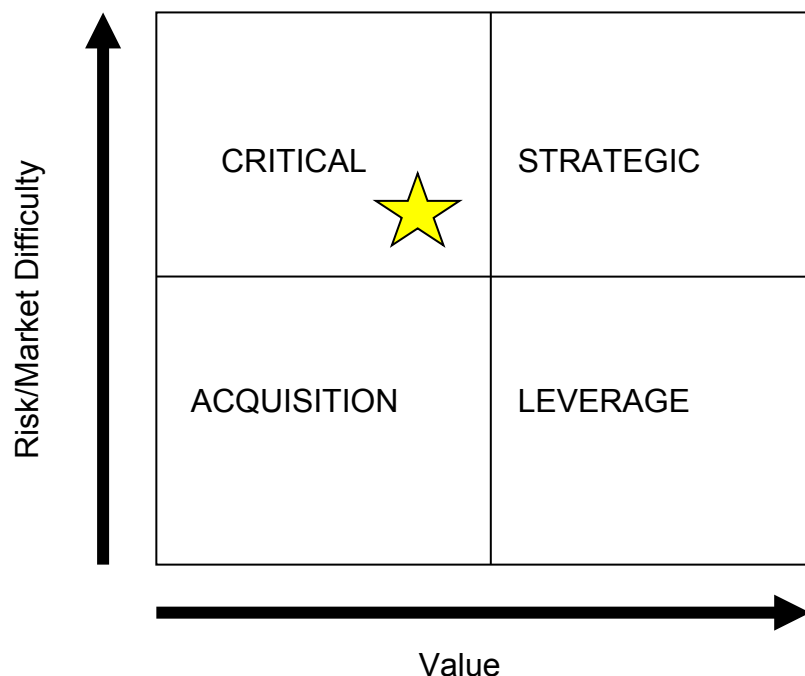
**Current Supply arrangements:**

As of the 1<sup>st</sup> June 2015 KCC currently holds a rolling month on month contract with Basepoint Centres Ltd (previously the contract was an extension of original contract arrangements, for the period 1<sup>st</sup> April 2014 – 31<sup>st</sup> May 2015).

The month on month rolling contractual arrangements are not ideal for either party, hence re-procurement for the service provision is now necessary.

The contract arrangements of “month on month” will continue until the conclusion of this procurement exercise.

**Market Position:**



Full OJEU processes have been undertaken on this facility both in 2003/2004 & 2008/2009. A similar exercise was also undertaken at The Old Town Hall, Gravesend 2010/2011 (a facility requiring similar skill sets as incubator space is available within this centre).

Results of interest registered within both OJEU processes, via the initial PQQ revealed

- limited number of service providers interested in the tender; and
- limited number of service providers with the requisite skill sets / experience to manage a facility where the provision of a full service including support to businesses is critical.

From the exercise completed at The Old Rectory in 2008/2009, only 4 companies

returned tenders, of which 2 were shortlisted for interview.

From the exercise completed at The Old Town Hall in 2010/2011, only 1 company returned a tender. A decision was made to revise the tender specification, which resulted in 2 companies returning a tender, of which both were then subsequently interviewed.

Whilst The Old Rectory, has benefited from the current service provider maximising potential income generation from the centre, once more this full OJEU process will permit KCC to test the market to ensure both price and value for money. It will remain key that the correct skill set is secured to manage the centre's role in supporting and growing the SME base.

Procurement Risks:

<b>Risk</b>	<b>Controls/Mitigating Action</b>
Resource	<ul style="list-style-type: none"> <li>➤ A suitable resource has been / will be identified both within the Procurement Team &amp; Economic Development to manage the OJEU / tender process.</li> <li>➤ The resource identified will be suitably skilled to ensure that the process is effectively managed.</li> </ul>
Unsuitable / limited interest in the tender brief	<ul style="list-style-type: none"> <li>➤ The tender brief has been produced based on the special needs / requirements for the appointment of management services at The Old Rectory.</li> <li>➤ Evaluation criteria clearly reflects the requirements of the specialist management services required.</li> </ul>
No suitable commercial proposals	<ul style="list-style-type: none"> <li>➤ Consider negotiation without call for competition, if this fails re-consider Business Case</li> </ul>
Negative impact on current licensees to any change to the management services	<ul style="list-style-type: none"> <li>➤ The current tender brief will ensure that arrangements are made for a "hand over period" should the current service provider not be successful in securing the contract this time.</li> <li>➤ KCC will oversee any handover arrangements should this be necessary.</li> </ul>
Contract documentation is not fit for purpose	<ul style="list-style-type: none"> <li>➤ Whilst the original contract in use 2008/2009 will form the basis of the new contractual arrangements, any further adaptations to the final contract arrangements will be ratified via KCC Legal Services.</li> </ul>

Procurement Route Options & Evaluation:

**Use of Government Framework**

None Identified.

### **Single-Source**

Given its potential cost not considering levels of profit, this Procurement would be subject to a full OJEU Procurement process. Failure to follow this procedure would bring significant risk of legal challenge and does not test the market for VFM options. A lack of competition is not to be recommended for the achievement of best value-for-money.

### **Open OJEU Process**

An Open process allows all suppliers expressing an interest in the opportunity to submit a tender. The timescale may be reduced to a minimum of 30 days (using electronic tendering). The Open process could encourage a wide range of bids, therefore, carefully structured Mandatory Requirements would be required, to help ensure that only those qualified to bid would submit a tender This is best suited to a Market which is relatively small.

### **Restricted OJEU Process**

This involves a two-stage process of a Pre-Qualification Questionnaire, followed by an Invitation to Tender for those that successfully pass the PQQ stage. The Restricted process allows the council to deselect suppliers not capable, or with insufficient financial or technical capability, to perform a given contract. In a saturated market, this should reduce the number of tenders to be evaluated, through the pre-selection of suitable suppliers. However, as there are relatively few suppliers able to meet these requirements, the restricted process would not significantly reduce the evaluation time required – but would make the process longer and more resource intensive.

### **Competitive Dialogue**

The service needs are well defined and understood, therefore, there is no need for an expensive and elongated Competitive Dialogue process. This procedure is not appropriate for this requirement.

### **Procurement Route Recommendation:**

The preferred route is to use go through an Open Process due to the restricted nature of the market.

### **Outline Timescales:**

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

### **Resources Required:**

Lorna Wilkinson plus colleagues from Economic Development. (14 days approx. to Nov 2015)

John Tunnicliff will lead from procurement, estimate 30 Days plus 1 day Terry Hazlewood for quality assurance.

**Contract Management Requirements:**

Name of Contract Manager (if different from Contract Lead: (Lorna Wilkinson, Principle Regeneration Project Officer).

Reviews Planned:

Quality assured by Category Manager, Terry Hazlewood and Theresa Bruton, Head of Regeneration Projects.

Approval to Proceed:

By Procurement Professional in accordance with Delegated Authority:

Name:

Date:

Signed:



**Check List**

Please review items on check list and complete response box and where appropriate include in plan above.

Check Item	Action Required	Response
Social Value	Social Value needs to be considered	It is considered that the centre will not have any negative impact. Hence n/a.
Equalities Impact Assessment	Is and impact assessment necessary, in most cases this will be a requirement the Service are responsible for carrying this out. If in doubt contact Janice Hill, Equalities & Diversity Officer 01622 221981	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.
Legal Support Required	Legal support requirement should be considered and agreed with the client. Also if a risk of challenge has been highlighted this should be communicated to legal and added to the risk register on the shared drive.	Noted within risk register.  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 contract being put in force.
Kent Business	Ensure plan has addressed supporting Kent Business	See text within main report.
TUPE/Pension Staff Transfers	Ascertain if there is any possibility of staff transfers and discuss with Client. If TUPE or Pensions may be involved for TUPE discuss with legal for Pensions see Steven Tagg	Covered within the tender brief. Suitable confidentiality agreement will be signed by tenderer ahead of any information being released re: current staff compliment.
Environment	Are there environmental issues or implications in this contract	Covered within the tender brief – tenderers will be required to provide a position statement. It is not anticipated that there will be any direct negative impact

Appendix A

		to KCC in respect of this contract,
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Business Continuity	Business continuity issues this does not just mean IT but consideration of providing essential services	DAILY OPERATIONS:- This will be covered, via suitable handover period being agreed should the current service provider fail to secure the contract moving forward.
Financial Risk	<p>What is the financial risk associated with this contract,</p> <p><b>Supplier Risk:</b> how much assessment of the supply base is necessary, what is the risk if a supplier fails. If the tender is above EU value we should use Finance Projects Team to carry out financial assessments.</p> <p><b>Budget Risk:</b> Is the budget confirmed for the duration of the contract</p>	<p>SUPPLIER RISK: The tender brief required that a set of full financial accounts covering the last 3 years is provided.</p> <p>These will be subject to review of any appointment, and the financial viability of the supplier confirmed.</p> <p>OPERATIONAL COSTS RISK: The centre is self-funding, thus returning a profit to KCC on an annual basis. These funds form the basis of the “sinking fund” for continued maintenance of the overall building.</p> <p>In addition, the successful tenderer will be required to operate a bank account acting on behalf of KCC, and provide audited accounts.</p>
Collaboration/Access to Contract	Will this contract be shared with others, if so how is procurement being undertaken.	The tender does afford an option for any proposal to detail to us any supply solution that would necessitate the use of sub-contractors. The Council reserving the right to reject the use of any particular sub-contractor.
Authority to Award	Has the Client ensured that the correct authority, will be in place when contract needs to be awarded. Suggest to the Client they need to do this now.	All decisions resulting from a Procurement being presented are almost certain to be of a value that means they should be on The Forward plan of key decisions

Appendix A

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## RACI Template

Team Member	Proc Officer (John Tunnicliff)	Service Lead (Lorna Wilkinson)	Service Director (Theresa Bruton)	Service Specialist (KCC Legal)	Not used
Action					
Draft Procurement Plan	A/R	C	C	n/a	
Specification	C	A	R	n/a	
Tender using Procontract	R	A	C	n/a	
Evaluation	C	A/R	R	n/a	
Clarification meeting	C	R	R/C	n/a	
Contract award	C	R	R	n/a	
Finalisation of contract with successful tender	C	R	R	C	

RACI	Definition
Accountable	The role who is responsible for ensuring the action takes place (can only be one)
Responsible	The role or roles who actually carry out the action
Consulted	Roles that will be consulted about the task (views need to be considered)
Informed	Roles that will be informed (no decision making or influencing role)