

REPORT TO: CABINET

DATE: 21 JULY 2016

TITLE: MANAGEMENT AND OPERATION OF HARLOW ENTERPRISE HUB

PORTFOLIO HOLDER: COUNCILLOR TONY DURCAN

LEAD OFFICER: JANE GREER, HEAD OF COMMUNITY WELLBEING (01279) 446406

CONTRIBUTING OFFICERS: DAVID SELLINGS, ECONOMIC DEVELOPMENT OFFICER (01279) 446487

TINA MCDERMOTT, CONTRACTS MANAGER (01279) 446175

This is a Key Decision

It is on the Forward Plan as Decision number I004193

Call-in Procedures may apply

This decision will affect no ward specifically.

RECOMMENDED that:

- A** The tender submitted by Contractor B is accepted subject to contract.
- B** The Council enters into a management contract with co-terminus lease for a period of 9 years and 6 months, to be reviewed in Year 4 with a break clause for both parties at Year 5.

REASON FOR DECISION

- A** To facilitate the continued management and operation of the Harlow Enterprise Hub and associated business support services and activities.

BACKGROUND

1. Harlow Enterprise Hub, located in Edinburgh Way is a successful business centre based in one of Harlow's busy employment areas. The Hub has been providing high-quality office accommodation, enterprise and entrepreneurial support on behalf of Harlow Council since 2008.
2. The Council owns the freehold of the property as a result of government funding being awarded in 2006, the purpose of which was to provide incubation support and premises to Harlow and the local business community.

3. To ensure the operation of the facility meets the changing needs of the business landscape, since 2008 the Council has worked in partnership with a Management Operating Company (MOC) to deliver its services from the Hub.
4. The incumbent MOC's lease and service contract expires on 30 September 2016 and therefore a tender exercise has taken place to seek an operator for the Hub from 1 October 2016.

PROCUREMENT PROCESS

5. A Contract Notice was published on 22 February 2016 seeking tenders from suitably qualified organisations. Three tenders were received by the deadline of noon on 5 April 2016.
6. The analysis and scoring has been assessed by a selection panel comprising:
 - (i) Head of Community Wellbeing
 - (ii) Economic Development Officer
 - (iii) Legal Officer
 - (iv) Finance Officer
7. Tenders have been evaluated against pre-determined criteria included in the invitation to tender documents on the basis of :
 - 60% Financial Offer,
 - 20% Business Plan
 - 20% Track Record.

These weightings have been used to ensure that the Council has the ability to achieve the highest possible level of income per annum, whilst not compromising the quality of services to be delivered.

EVALUATING THE BIDS

FINANCIAL OFFER

8. The tender brief explained that the Council is seeking a guaranteed annual rent, plus offers of an additional revenue income stream and one-off goodwill payment. The guaranteed and potential additional income has been costed and evaluated over a five-year term and 80% of the financial score has been awarded for guaranteed income and 20% of the total score is for potential additional income.
9. Contractor B has offered the highest level of guaranteed rental income to the Council in the sum of £702,544 and, when added to the additional revenue stream, the total projected income over five years is £816,300.
10. Contractor C offered the lowest guaranteed rental income and the highest level

of potential additional income giving a total projected income over five years of £442,577.

11. Contractor A did not offer any opportunities to secure additional income and therefore scored zero for this element but offered guaranteed rental income of £675,000 over a five year term.
12. Additional income cannot be guaranteed as this is governed by the MOC's ability to deliver according to their Financial Plan (additional income is dependent on their success and could be higher or lower than the predicted sum). None of the Contractors offered a one-off goodwill payment.
13. Contractor B offered the most financially advantageous offer to the Council in operating the Hub.

BUSINESS PLANNING

14. Bidders were asked to provide proposals for the operation of the Hub in the form of a Business Plan in order to provide the Council with confidence that the aims and objectives of Harlow Enterprise Hub could be continued and developed.
15. The Business Plan was measured against a series of questions covering the following themes:
 - (a) Understanding of the local context.
 - (b) Organisation, structure and resources.
 - (c) Business support services.
 - (d) Lettings, hiring and marketing.
 - (e) Property and facilities management.
 - (f) Quality and performance management.
 - (g) Risk management and business continuity.
 - (h) Mobilisation, TUPE and exit strategy.
16. Contractor B scored the highest quality marks and provided comprehensive details on how it intends to develop the Hub, its services and profile to sustain and maximise the income potential, as well as building on and securing the Hub as a central point within Harlow for business support and advice and offering a focal point for wider business networks and known as the 'go-to place' for those wishing to start their own business.
17. Contractor C demonstrated a good knowledge and understanding of the business and business support landscape and the areas for growth and intervention, however the delivery model was less clear.
18. Contractor A scored the lowest in this section, providing minimal detail on how it would meet the aims and objectives

19. The breakdown of points scored for each tender are shown at Appendix A with Contractor B scoring the highest in all areas and therefore achieving an overall ranking of 1

CONCLUSION

20. Contractor B has submitted the most economically advantageous tender. The Tender Evaluation Panel is satisfied that Contractor B will provide a high level of service and develop its offer to meet the needs of the existing and future business community. A series of key performance indicators will be agreed and monitored on a regular basis.

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

As contained within the report.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

As contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

As contained within the report.

Author: **Brian Keane, Head of Governance**

Background Papers

None

Glossary of terms/abbreviations used

MOC - Management Operating Company

TUPE - 'Transfer of Undertakings (Protection of Employment) Regulations 1981

Appendices

Appendix A – Tender evaluation breakdown

APPENDIX A

Final tender evaluation scores

Contractor	Track Record	Business Plan	Financial Score	Total Weighted Points Scored*	Guaranteed Income over 5 years	Overall Ranking
A	1200	580	5760	7540	£675,000	2
B	2000	2000	6000	10000	£702,544	1
C	1720	1840	2460	6020	£115,241	3

Financial evaluation figures over 5 years

Contractor	Guaranteed Income over 5 years	Additional Income (Projected) Over 5 years	Total Projected Income
A	£675,000	Zero	£675,000
B	£702,544	£113,756	£816,300
C	£115,241	£327,336	£442,577