

Decision Maker:	Cllr Collins – Cabinet Member for Finance, Assets and Investments
Date:	28 June 2024
Classification:	Part 1 with a Part 2 (Confidential/Restricted) – Commercially Sensitive
Key Decision:	Yes
Title of Report:	Property Management Contract
Executive Director:	Joe Chesterton
Report Author:	Jonathan Mather

1. Executive Summary

- 1.1 The Council are the freeholder of the Victoria Centre. The Centre is currently managed by Savills whose current contract has expired but have been engaged on a rolling extension. In conjunction with our procurement team, the contract was put onto a framework with interested parties invited to apply to tender. 12 responses were received and after reviewing all the tender responses we recommend the new contract is awarded to Savills. The new contract will be for a term of 4 years, albeit Council has the right to terminate after 2 years. It should be noted that their fees are paid via the service charge account so, in effect, the tenants are paying for this service provision, albeit the Council, as Landlord, is responsible for any shortfalls for example, where there are vacant units.

2. Recommendation

- 2.1 **Officers recommend that SCC, acting as Landlord, proceed with awarding a new property management contract for the Victoria Centre to Savills for a period of 4 years with effect from 1st April 2024 noting the contract value in the confidential part 2 appendix A.**

3. Background

- 3.1 Savills were the existing property manager when SCC purchased the Centre in December 2020. On purchase, their services were retained by the Council via a Direct Award on a new contract for a term of 2 years at a fee of £120,000 per annum. This was extended by a further year, which expired on 16 December 2023. To ensure we are getting best service delivery for a reasonable price the contract was put out for tender in February 2024. We received 12 responses and a panel of three comprising

officers from the Council's asset management team and Rivington Hark (our strategic property adviser for the Centre) reviewed the responses. The panel, overseen by our procurement team, considered and marked the submissions based on answers to questions that were asked to all providers. The marks were reviewed and scored by our procurement team who produced a ranking for each submission in terms of technical and commercial answers. These were then combined to produce a ranking for all the submissions. Savills were ranked first and accordingly we seek to award the contract to Savills.

4. Reasons for Decision

- 4.1 Shopping Centres are extremely complicated assets to manage as they involve interaction with numerous tenants. Also costs in relation to day-to-day running of the Centre are charged to tenants via the service charge. On this basis it is crucial we select the right provider who can bring the requisite skills and experience to the role. Selecting the wrong provider who does not have the experience could lead to numerous issues which would affect the running of the Centre and potentially result in financial loss to the Council. To ensure this, the tender was based proportionately more towards technical answers rather than price. Savills were significantly ahead of the competition in terms of their technical answers and demonstrated an excellent understanding of the role. Savills are a property advisor of international reputation and are well known for their strength and experience in managing shopping centres. Furthermore, they have previously managed the scheme for over 15 years and have extensive knowledge of the asset.

5. Other Options

- 5.1 We could select an alternative provider. However, as mentioned above, it is felt crucial that we select the best technical provider to ensure the continued smooth running of the Centre. The lower priced providers had lower technical scores and did not meet the technical threshold required.

6. Financial Implications

- 6.1 Savills fees in their submission are set out in the confidential part 2 appendix A. The full costs of the property management contract will be charged to all tenants for full recovery as part of their service charges. In the case of the Council, as Landlord, it is responsible for any shortfalls for example, where there are vacant units.

7. Legal Implications

- 7.1 None

8. Other Implications

- 8.1 None

9. Appendices

9.1 Appendix A – confidential award of contract

10. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	28/6/24
Monitoring Officer	Susan Zeiss	21/6/24
Executive Director(s)	Joe Chesterton	28/6/24
Relevant Cabinet Member(s)	Cllr Paul Collins	28/6/24