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Award

Management of Churchgate Shopping Centre, Hitchin, Hertfordshire

North Hertfordshire District Council

F15: Voluntary ex ante transparency notice

Notice identifier: 2025/S 000-001557

Procurement identifier (OCID): ocids-h6vhtk-04d3d7

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Section I: Contracting authority/entity

I.1) Name and addresses

North Hertfordshire District Council

Council Offices

Letchworth Garden City

SG63JF

Contact

Procurement Team

Email

Procurement.Team@north-herts.gov.uk

Telephone

+44 1462474392

Country

United Kingdom

Region code

UKH23 - Hertfordshire

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.north-herts.gov.uk/>

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Management of Churchgate Shopping Centre, Hitchin, Hertfordshire

Reference number

NHDC0113229

II.1.2) Main CPV code

- 70330000 - Property management services of real estate on a fee or contract basis

II.1.3) Type of contract

Services

II.1.4) Short description

North Hertfordshire District Council (the "Council") owns Churchgate Shopping Centre in Hitchin, Hertfordshire, and recently conducted a re-tendering process for its management. The contract encompasses the day-to-day management of 33 lettings, ensuring tenant compliance with lease covenants, property inspections, repair and maintenance coordination, health and safety compliance, rent reviews, lease renewals, new lettings, and service charge administration. The centre is earmarked for long-term redevelopment, adding strategic considerations to its management.

At the outset of the tender process, the Council estimated the contract value at £200,000 over a 5-year term. This estimate, provided in good faith, reflected the most accurate forecast available and positioned the procurement below the threshold for compliance with the Public Contracts Regulations 2015 (PCR 2015). Accordingly, the opportunity was advertised on Contracts Finder, and three bids were received from qualified suppliers. Following a rigorous evaluation in line with the published criteria, Praxis Real Estate was identified as the successful bidder with a proposed contract value of £282,000 (inclusive of VAT).

A standstill period was observed, and no challenges or objections were raised by the bidders. However, the final contract value, inclusive of VAT, exceeded the PCR 2015 threshold for services. This triggered a regulatory concern, as the procurement process had not included a notice on Find a Tender or a selection questionnaire, which are mandatory for above-threshold contracts.

To address this situation and demonstrate its commitment to transparency, fairness, and accountability, the Council has chosen to publish a Voluntary Transparency Notice (VTN). The notice informs stakeholders of the Council's intention to award the contract to Praxis Real Estate and outlines the steps taken to ensure the procurement process remained fair, transparent, and compliant wherever possible.

The Council has carefully considered whether a further 10-day standstill period would be appropriate. However, given that the original standstill period has already been observed without any challenges, the Council does not consider an additional period necessary. The initial standstill provided sufficient opportunity for bidders to engage with the outcome, and no objections were received. Proceeding without a second standstill period ensures that there are no unnecessary delays in the implementation of critical management services for Churchgate Shopping Centre.

Given operational constraints, the Council cannot re-run the procurement exercise but is proceeding to award the contract to Praxis Real Estate, the most economically advantageous tenderer. This approach ensures continuity in the effective management of Churchgate Shopping Centre while maintaining the integrity of the procurement process to the greatest extent practicable.

The Council remains committed to upholding high standards of governance and transparency in its procurement activities and will take steps to refine its processes for future exercises.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Lowest offer: £215,000 / Highest offer: £319,750 taken into consideration

II.2) Description

II.2.2) Additional CPV code(s)

- 70332200 - Commercial property management services

II.2.3) Place of performance

NUTS codes

- UKH - East of England

Main site or place of performance

Hitchin, Hertfordshire

II.2.4) Description of the procurement

North Herts Council own Churchgate Shopping Centre in Hitchin, Hertfordshire. The Council is re-tendering the contract for the management of the shopping centre. Extending to 33 lettings, the management will include day to day management of the leases/licences, ensuring tenant compliance of lease covenants; inspections and arranging repair and maintenance works; compliance for health and safety; rent reviews, lease renewals and new lettings; together with managing the service charge. The centre is earmarked for longer term redevelopment. The detailed specification is at Schedule 2 and sets out further background at Appendix A.

Brown and Lee, Property Consultants, currently undertake the above management of the shopping centre for North Herts Council. Their current contract is due to end on 31 January 2025.

II.2.11) Information about options

Options: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

The award of the contract without prior publication in the Official Journal of the European Union (OJEU) or the Find a Tender service (FTS) is lawful based on the facts and legal principles outlined in the Public Contracts Regulations 2015 (PCR 2015). At the outset of the procurement process, the Council estimated the value of the contract to be £200,000 over a five-year term. This estimate, calculated in good faith, reflected the most accurate forecast available based on the scope of services required for the management of Churchgate Shopping Centre. As this value was below the threshold for services contracts as defined under Regulation 5(1) of PCR 2015, the Council was not required to publish the opportunity in the OJEU or FTS. Instead, the procurement was conducted as a below-threshold exercise, with the opportunity advertised on Contracts Finder in compliance with Regulation 110(3). This ensured transparency and fair competition among potential suppliers.

Following a rigorous evaluation process, the Council selected Praxis Real Estate as the successful bidder with a tender valued at £282,000, inclusive of VAT. The final value exceeded the services threshold, which became apparent only after the evaluation process. This situation was not foreseeable at the time the procurement was initiated and was not the result of any attempt to circumvent the obligations set out in PCR 2015. The Council acted in good faith, basing its initial estimate on reasonable assessments of the contract's scope and requirements.

To uphold the principles of transparency and fairness under Regulation 18 of PCR 2015, the Council is publishing a Voluntary Transparency Notice (VTN). This measure informs the market and stakeholders of the award decision and provides an opportunity for legal challenges, thereby mitigating the risk of the contract being declared ineffective under Regulation 99. Given the operational necessity of maintaining continuity in the management of the shopping centre, the Council cannot reasonably re-run the procurement process. The decision to proceed with the award is justified as it ensures critical services are delivered without interruption while adhering to the legal framework to the greatest extent practicable.

The initial procurement process complied fully with the requirements for below-threshold contracts, and the breach of the services threshold occurred inadvertently during the tender evaluation. By taking these steps, the Council demonstrates its commitment to lawful and transparent procurement practices while addressing the unforeseen circumstances that arose during the process. This approach balances compliance with the regulatory framework and the responsibility to maintain effective service delivery.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

6 January 2025

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Praxis Real Estate

Manchester

Country

United Kingdom

NUTS code

- UKD - North West (England)

Companies House

03876895

The contractor/concessionaire is an SME

Yes

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Initial estimated total value of the contract/lot/concession: £166,666.67

Total value of the contract/lot/concession: £235,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

High Court

London

Country

United Kingdom