

**Report for:** Cabinet – 18 January 2022

**Title:** Delivering a Wood Green Enterprise Hub

**Report authorised by:** David Joyce, Director of Housing, Regeneration and Planning

**Lead Officer:** Anna Burton, Regeneration Officer, [anna.burton@haringey.gov.uk](mailto:anna.burton@haringey.gov.uk), and Pippa Gueterbock, Head of Area Regeneration, [pippa.gueterbock@haringey.gov.uk](mailto:pippa.gueterbock@haringey.gov.uk).

**Ward(s) affected:** Woodside Ward, Noel Park Ward

**Report for Key/ Non Key Decision:** Key Decision

## **1. Describe the issue under consideration**

- 1.1. The Council's building at 40 Cumberland Road is due to be vacated as council accommodation and will be surplus to requirements.
- 1.2. A portion of the building has been let on a meanwhile basis to a workspace operator. There is an opportunity to refurbish the whole building, making use of secured external funding, and to turn the whole building into an Enterprise Hub for Wood Green.
- 1.3. The ensuing lease would focus on maximising the community wealth building and social value outcomes for the benefit of local businesses and residents. In addition the council would receive an income and simultaneously achieve savings by taking the building out of the operational portfolio.
- 1.4. To achieve this, the Council is therefore looking to procure a suitably qualified workspace provider to manage and operate the building and take a lease for 5-10 years, paying a minimum of £11/sq ft. They will be required to carry out design and refurbishment works to the building and receive a £780,000 capital grant contribution to this.
- 1.5. The operator will bid as a Multidisciplinary Team including architect and building contractor and be expected to deliver community wealth building outcomes over the course of the occupation of the building, supporting Good Economy outcomes for Wood Green and delivering a placemaking approach to workspace delivery.
- 1.6. To meet the project programme and to ensure that the council do not lose significant grant funding for this high priority project we require a delegated authority to award within the criteria cabinet are approving, outlined in section 3 'Recommendation'. Loss of grant funding would result in reduced savings, reputational damage and loss of benefits to the local economy, people and SME's.
- 1.7. It is recommended that the contract award decision for the appointment of the successful operator be delegated to the Director of Housing Regeneration and

Planning in order to ensure the programme is met and funding is spent within deadlines required by external funders.

## **2. Cabinet Member Introduction**

- 2.1. The Wood Green Enterprise Hub project presents a unique opportunity for the Council to support local businesses and enterprises, many of whom have been hit hard through the impacts of Covid 19, through the creation of workspace.
- 2.2. Wood Green has a thriving economy of creative enterprises and entrepreneurs, and as such there is increasing demand for workspace to support local networks, as well as provide opportunities for growth. The Enterprise Hub will not only protect the existing tenants in the building and provide space for new tenants, but create a central hub for enterprises and local people to be able to access knowledge, training and job opportunities.
- 2.3. The Enterprise Hub will enable the council to demonstrate its commitment to the delivery of workspace for local businesses through its own property by leveraging external funding, and in doing so secure social value outcomes for the people and businesses of Wood Green, now and in the future.

## **3. Recommendations**

Cabinet is asked:

- 3.1. To agree to undertake a procurement process to secure a workspace operator for 40 Cumberland Road who will deliver the Enterprise Hub.
- 3.2. Following the conclusion of the procurement process, to delegate authority to the Director of Housing, Regeneration and Planning, after consultation with the Lead Member for House Building, Placemaking and Development to:
  - 3.2.1. Enter into a contract with the preferred operator following the completion of the procurement process;
  - 3.2.2. Enter into an agreement for lease with the preferred operator as a result of the above contract award;
  - 3.2.3. Allocate £0.780m of grant funding, in accordance with the grant terms and conditions, which will be reflected in the above contractual agreements for the redesign, refurbishment and fitout of 40 Cumberland Road.

## **4. Reasons for decision**

- 4.1. As 40 Cumberland Road is no longer needed for operational purposes, an opportunity has arisen to support the Wood Green economy by developing a new Enterprise Hub on the site. The approach set out in this report provides more space for more local businesses and protects the position of existing businesses / tenants on site.

- 4.2. The decision to lease 40 Cumberland Road for the purpose of an Enterprise Hub will deliver a range of tangible Community Wealth Building and social value benefits to Wood Green which will prioritise local business growth and job opportunities, promote diversity and inclusion, and support a placemaking approach to Wood Green by supporting the wider business ecosystem.
- 4.3. The approach also allows the council to meet its delivery obligations to the GLA with regard to external funding, and will result in a financial return to the council, alongside reduced operating costs.

## 5. Alternative options considered

### Regarding the building

- 5.1. **Do nothing:** the existing situation is not tenable. The building has been identified as surplus, is in need of investment, and existing tenants have no security. This option has been discounted.
- 5.2. **Disposal:** the council has yet to establish its long-term approach to Station Road where the council has a significant landholding. This work will be progressing in the coming years. It is therefore premature to consider a disposal.

### Regarding the procurement approach

- 5.3. **Let direct to a single operator:** this option has been discounted as it would not be compliant with the public procurement regulations and the Council's contract standing orders.
- 5.4. **Undertake a procurement competition** to secure an operator to undertake the works, manage the premises and secure social value outcomes. This option is preferred as it is transparent and represents the best overall value for money to the council.

### Regarding timing options for the proposed procurement approach

- 5.5. **Procurement to conclude in June, Cabinet to approve contract award of operator in June / July** This option would not leave enough time for the £780,000 grant funding to be spent before the April 2023 deadline and risks the loss of the funding. Once appointed, the operator will need to undertake a design process and then deliver capital refurbishment works. Appointment of the operator in July leaves only 9 months for this process which has been confirmed via soft market testing with operators as insufficient.
- 5.6. **Reduce tender period to increase time for governance processes** A tender period of less than 4 weeks is unlikely to elicit the quality of responses that the Council requires and leaves no time for any potential delays caused by tender clarifications during tender evaluation phase.

## 6. Background information

### Objectives for the Enterprise Hub

The objectives for the Enterprise Hub are to:

- 6.1. Support and protect the existing creative SMEs in 40 Cumberland Rd.
- 6.2. Deliver tangible Community Wealth Building benefits to Wood Green prioritising:
  - Local SME's and people
  - Equality, Diversity and Inclusion
- 6.3. Promote Good Economy in Wood Green through:
  - Job creation, employment opportunities and training
  - Enterprise and Business support
- 6.4. Supporting a placemaking approach in Wood Green, as part of the cultural and creative ecosystem, embracing opportunities for coproduction through the lifetime of the project.
- 6.5. Generate savings through rental income and reduce operational costs

#### **Operational Requirement for the Building and Property Considerations**

- 6.6. 40 Cumberland Road is surplus to the council's own accommodation requirements, as the council accommodation is consolidated into George Meehan House, part of River Park House, Alexandra House and 48 Station Road.
- 6.7. Local organisation Collage Arts currently lease two floors in 40 Cumberland Road from the Council. These floors are home to approximately 50 local creatives. Collage Arts will be given the chance to bid for the whole building, but in the event that they are unsuccessful their tenants will be safeguarded and given the option to remain in place should they wish to, on comparable terms, with the new operator.
- 6.8. Letting out the building will provide both financial and socio-economic outputs. The property will provide a commercial return through rent generation, with a minimum rent of £11.00 per sqft. Income generated will contribute towards the wider accommodation strategy. The Council will also pass operational costs onto the third-party operator to enable savings to be made by the Corporate Landlord.

#### **Funding**

- 6.8.1. Council plans to invest internal capital funding, GLA Good Growth Funding (GGF3) and Strategic Investment Pot (SIP) funding totalling £780,000k in the project. The investment of the capital funding will allow the Council to leverage the delivery of social value such as affordable workspace for SMEs, employment and training opportunities for young people, which will benefit the local community and cement Wood Greens reputation as a place to grow your business, learn new skills and prosper.

## 7. Procurement Approach

Through the procurement process, bidders will need to demonstrate the following:

- 7.1. A solid knowledge of the opportunities and challenges in Wood Green to show requisite relevant experience.
- 7.2. How the Hub can become the heart of local networks and engage with local SMEs as part of their work.
- 7.3. How they will improve employment and skills opportunities for local SMEs and people in a variety of innovative ways.
- 7.4. How the hub will complement existing business support initiatives and support its users.

The tender questions will be a mechanism for ensuring that the priorities of the project are responded to, in particular the importance of taking a locally focussed approach to the delivery of the project. Bidders will be expected to confirm that they will pay minimum of £11/sqft in rent for 10 years with a 5-year break.

Soft market testing was undertaken in June to warm up operators and also gather intelligence about the market and their needs. This has fed into the scoping of the offer and the procurement approach, to ensure the council generates a strong response the market, whilst also delivering on the Councils key aims.

## 8. Proposed Milestones

Procurement Milestones	Date
EOI issued	14/1/2022
EOI returned	21/01/2022
Full Tender Published	late January
Tender Returned	late February (5-week tender period)
Evaluation complete	end March
Delegated Authority signed	April

## 9. Proposal for contractual arrangements:

- 9.1. It is proposed that the Council enters into an agreement for lease with successful operator once chosen and approved by the delegated officer. The agreement for lease can cover various obligations including:
  - 9.1.1. design process, milestones and deliverables
  - 9.1.2. the construction process e.g. Traditional vs design and build, type of contract etc
  - 9.1.3. involvement of the council signing off key milestones
  - 9.1.4. council retain right to appoint clerk of works etc

- 9.2. Once appointed, the operator and Council will confirm a service level agreement (SLA) which will cover social value obligations, outputs and KPIs. The operator will then sign a lease which will be 10 years with 5-year break to allow flexibility. The SLA will be tied to the lease so that if the operator defaults on delivery of social value, then the lease can be terminated.
- 9.3. The operator will be granted £0.78m to deliver the capital refurbishment works to the building, to align with the Good Growth Fund Grant agreement and the SIP grant funding and enable to council to pass on the obligations related to these agreements.

## **10. Contribution to strategic outcomes**

The delivery of the Enterprise Hub supports the council's approach to supporting our local economy as set out in the Good Economy Recovery Plan (GERP), is consistent with the Wood Green Area Action Plan (AAP) and aligned to the Council Accommodation Strategy. It responds to local market demand as set out in the 2018 Wood Green Economy and Employment Space Study (EESS) and tested more recently through soft market testing of both operators and local SMEs. The Hub will create opportunities for in depth and innovative approaches to co-production and community networks throughout its lifetime, and link to other initiatives taking place in Wood Green, such as the Youth Hub.

## **11. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)**

### **11.1. Finance**

The recommendations of this report are to seek to procure a workspace operator for 40 Cumberland Road, allocate grant funding to the successful operator to undertake works to the building to a value of £0.78m and delegate to the Director of HRP authority to award a contract to the successful bidder.

The capital funding is composed of external grants (£0.63m - £0.2m SIP and £0.43m GLA) and £0.150m is from the approved general fund capital programme.

Currently Collage Arts currently rents the 3<sup>rd</sup> and 4<sup>th</sup> floors and pays rent of £0.0794m and £0.05m respectively. This proposal will bring an additional c19,816 square feet into a rentable condition. At the target minimum rent of £11 per square foot this would generate an additional rent of £0.218m per annum over and above the rent currently received from Collage Arts.

In addition to the increased rental there is an opportunity to reduce the Council's costs of ownership and operation as it will not have responsibility for the day to day running costs. At this stage it is not possible to conclusively identify the savings that this will generate but it is estimated that the savings would fall into the range of £0.06m - £0.1m.

### **11.2. Procurement**



Strategic Procurement have been consulting in the development of the procurement approach. They support the approach and will work with the project team to ensure successful delivery of the procurement.

### **11.3. Legal**

The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report. The Head of Legal and Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report. Legal comments should be sought at the award of contract under delegated authority.

## **12. Equality**

12.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- 12.1.1. Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- 12.1.2. Advance equality of opportunity between people who share those protected characteristics and people who do not
- 12.1.3. Foster good relations between people who share those characteristics and people who do not.

12.2. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/fait, sex, and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

12.3. The proposed decision is to approve the procurement approach and governance and delegation for a workspace operator for the Wood Green Enterprise Hub at 40 Cumberland Road.

12.4. Delivering the Enterprise Hub is expected to bring benefits to residents in line with the Good Economy Recovery Action Plan which describes the Council's objectives with regards to bringing social and economic benefits to residents, including those with protected characteristics.

12.5. The procurement process will include questions to potential providers on their approach to equality, diversity and inclusion. Potential providers will be expected to highlight steps they have taken within their organisation to address EDI and their approach to working with underrepresented group led companies / organisations, (collaboration, incubation, sub-contracting as part of the project team), their approach to sharing cultural capital with under-represented groups (mentoring, outreach, training), their approach to local education to promote equality, diversity and inclusion etc. This element will be scored separately, and their proposals must be robust, aspirational, and interwoven with their proposed project methodology to ensure sustainability and deliverability. The successful operator will have the opportunity to work with the Council's EMBRACE network and officers working on Inclusive procurement to finalise their approach.

12.6. As an organisation carrying out a public function on behalf of a public body the contractor will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above.

**13. Use of Appendices**

None

**14. Local Government (Access to Information) Act 1985**

Not applicable.