

Report for: Cabinet, 6th February 2024

Title: Appointment of Commercial Property Management Provider for 40 Cumberland Road

Report authorised by: David Joyce, Director for Placemaking and Housing

Lead Officers: Sarah Lavery, Pippa Gueterbock

Ward(s) affected: Woodside, Noel Park

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

1. Describe the issue under consideration

- 1.1. To approve the appointment of a specialist commercial property management services supplier for 40 Cumberland Road (“Wood Green Enterprise Hub”) for a period of three years, with options to extend by a year, and a subsequent option to extend by a further year, as an interim measure which will enable the Council to develop its capacity to self-deliver workspace.
- 1.2. During this contract, the Council will seek to build capacity within the Property Team to manage multi-let commercial properties such as this (with multiple occupiers and meeting and event space) with a view to providing such services at 40 Cumberland Road after the contract term with the third-party commercial property management services supplier ends, and potentially at other sites across the borough.

2. Cabinet Member introduction

- 2.1. Delivering the Wood Green Enterprise Hub project at 40 Cumberland Road presents a unique opportunity for the Council to support local businesses and enterprises through the creation of workspace. Support such as this is especially important in challenging economic times, such as the period we currently find ourselves in.
- 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 SMEs, as well as provide opportunities for growth. The Enterprise Hub will not only protect the existing 3rd and 4th floor occupiers in the building and provide space for new occupiers, but also transform an underutilised building into a hub for local people to access events, culture and networks.
- 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. It will also

enable the Council to develop an innovative self-delivery approach for future workspace across the borough.

3. Recommendations

- 3.1. Cabinet agrees to approve the Authority entering into a services contract with a third-party supplier to provide commercial property management services for 40 Cumberland Road for an initial period of three years, with options for extension to a total duration of up to five years from the commencement of the contract.

4. Reasons for decision

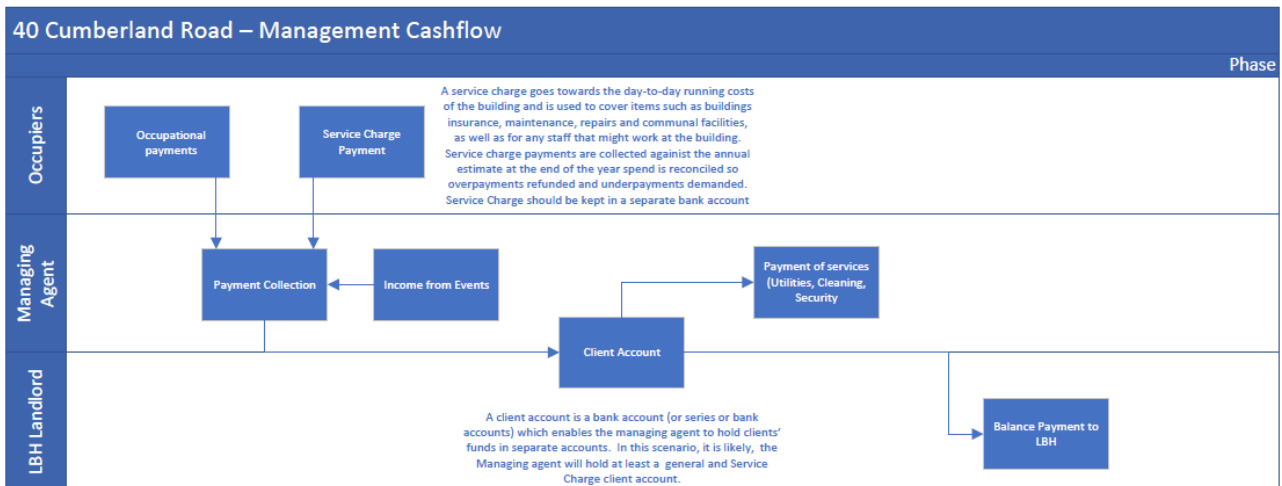
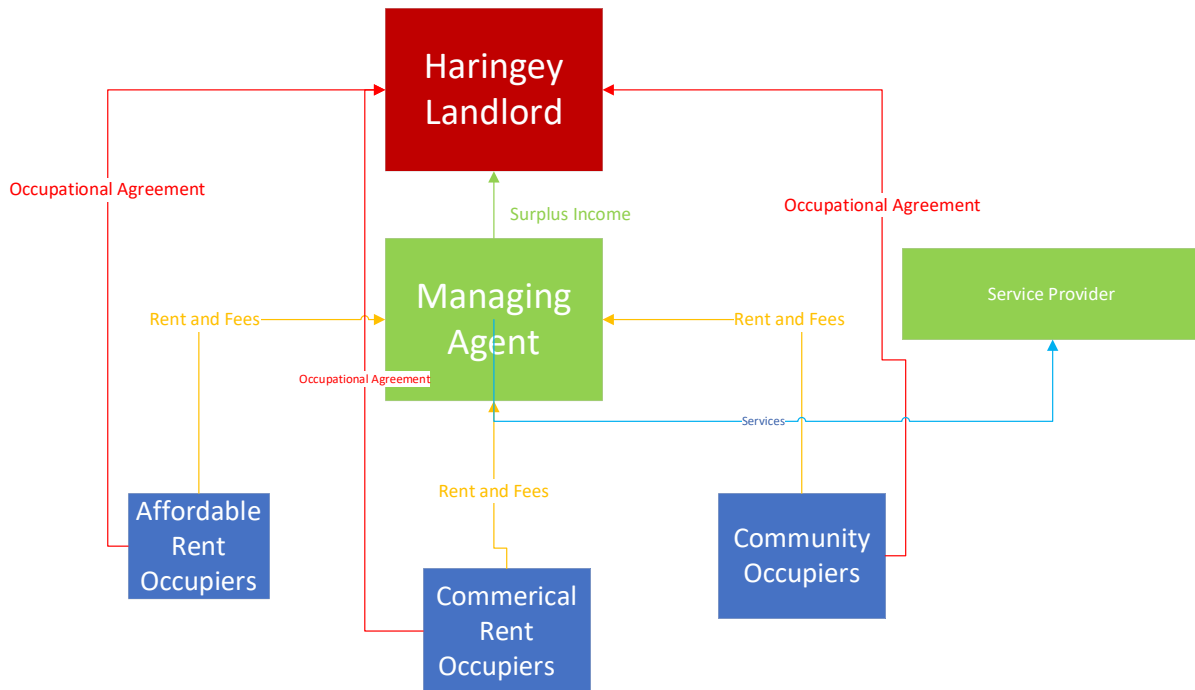
- 4.1. It is a longer-term ambition of the Council to build its capability to successfully manage modern “workspace” environments on Council properties (such as 40 Cumberland Road) in a self-sufficient manner which maximises the property’s local impact and benefits. The Council does not currently have this capability. As such, it is proposed that the Council will appoint a suitably skilled and experienced commercial property management services supplier to manage 40 Cumberland Road over an interim period whilst the Council seeks to build its own internal capabilities in this area.
- 4.2. This approach is in line with ‘Opportunity Haringey’ which was adopted at Cabinet in November 2023. Opportunity Haringey is Haringey Council’s new inclusive economy framework. The Opportunity Haringey vision is to create a fairer and greener local economy that builds on local creativity to harness Haringey’s strengths. It has been developed through listening to residents and businesses. It sets out how the council will work with local and strategic partners to create an inclusive, more resilient local economy where local businesses can grow and thrive and residents benefit from rewarding, well-paid work. The framework has five themes, one of which is ‘Work Places and Spaces’; with which this project aligns.
- 4.3. It is proposed that the commercial property management services supplier is engaged for an initial three-year period, which will allow 40 Cumberland Road to become fully operational and develop a community of occupiers across the property, before a process takes place for handing over the management of the property to the Council’s in-house team which will manage this property and potentially other Council commercial properties across the borough. There will be the option to extend to the contract with the supplier for a fourth year, and a subsequent option to extend the contract with the supplier for a fifth year, should it be deemed beneficial. The contract will therefore have a maximum term of five years
- 4.4. The successful supplier was selected following an open procurement process, managed by the Council’s strategic Procurement team, which concluded on 18th December 2023. As well as written submissions, tenderers were also scored on clarification presentations, given to the evaluation panel. The panel was made up of officers from Property, Regeneration and Economic Development team.

- 4.5. The procurement tender pack included a fully drafted services contract, so as to ensure that bidders were aware of the legal / contractual requirements. Changes to the contract can be made only via the change control process outlined within the contract, and only once it has been entered into by both parties (successful supplier and Council).
- 4.6. Should the outlined approach be successful, it could provide a model that could be replicated in other Council commercial properties to activate and optimise vacant sites and inform wider property strategy.
- 4.7. The commercial property management services at 40 Cumberland Road will include several statutory and legal duties in addition to supporting the occupier community and delivery of social value outcomes. The commercial property management services supplier will be responsible for a number of activities such as planned and preventative maintenance of the building, collecting of occupier fees such as service charge and licence fees, and ensuring compliance in matters such as fire safety, health and safety, maintaining appropriate insurance etc.
- 4.8. The Council has external capital grant funding available which will enable the fit-out improvements of 40 Cumberland Road to provide an exciting new workspace environment. The Commercial property management services supplier will support this process. They will feed into the design and delivery process, support existing occupiers and work on pre-letting and management plans to ensure a swift transition to operation following completion of construction.
- 4.9. Existing occupiers of the third and fourth floors entered new license to occupy agreements in August 2023. They will be impacted by the change in management arrangements. However, it is anticipated that this will be a positive change, with a dedicated organisation in place to contact to discuss issues, faster response times to repairs and a clear understanding of the operation of the building. This change will be managed through sustained engagement with these stakeholders and nurturing the relationship between the commercial property management services supplier and the occupiers. A high-level overview of the new approach and upcoming changes have been communicated to the occupiers, with more detail to be provided as and when approvals are granted.
- 4.10. The officer recommendations set out in the report take into consideration the below factors:
 - the time required to build an in-house workspace management team
 - the opportunity for learnings that can be obtained through contracting with an expert commercial property management services supplier.

This approach will seek to reduce delivery risk to the Council as it assumes an intelligent client role. Alternative options are explored further in Section 5.

- 4.11. The Council will maintain a direct legal relationship with existing occupiers, via occupation agreements (licences and leases). The revenue from occupier fees is intended to cover the costs of commercial property management services and third-party service provider costs (that the commercial property management

services supplier would source), e.g. for facilities management related costs. All surpluses would then be retained by the Council. The Council will have a clear, detailed services contract with the supplier.



4.12. The deliverables of the contract with the commercial property management services supplier will include (but are not limited to):

- a. Property management plan;
- b. Planned and preventative maintenance plan;
- c. Health and safety compliance plan;
- d. Marketing and letting plan;

- e. Financial plan;
 - f. Progress reports;
 - g. Executed occupational agreements;
 - h. Systems and set up of software to provide the services;
 - i. Finance transferred to the authority;
 - j. Handover plan; and,
 - k. Third party service providers agreements and invoices.
- 4.13. The scope of activities of the commercial property management services supplier includes (but are not limited to):
- a. **Occupier management** – day-to-day management of occupiers including: develop and deliver a robust property management plan; develop and deliver a marketing and sales plan; on-site presence; lead processes with occupiers and facilitate legal occupational agreements; coordinate occupier meetings; curate the customer mix to benefit the building and local area; communicate with occupiers and be their main point of contact.
 - b. **Financial management and reporting** – Develop and perform against an annual and five-year plan; income collection; debt and arrears management; efficient management of third-party services & invoice settlement; provide performance reports / open book accounting and meet with LBOH (leading key performance indicators will relate to compliance monitoring, occupier feedback, income and occupation rates).
 - c. **Facilities management** – Contracting with, managing and paying utility and facilities suppliers; soft and hard facilities management; event and meeting room management.
 - d. **Animation of the property** – Facilitating networking and encouraging collaboration between occupiers and other local organisations; ongoing provision of studios for creative micro businesses on upper two floors, enabling creative anchor tenant Alexandra Palace to utilise the ground floor, facilitating business support; enable providers of social value to carry out activities at the property such as events, workshops etc.
 - e. **Handover to the Council** – Working with the Council to develop its in-house capability to support future management of this and other similar properties during the contract term, and handing over management of the building at the end of the contract term
- 4.14. In advance of the tender being formally issued in December, a market warming exercise took place in early September for the commercial property management services contract, resulting in interest being expressed from several

organisations. This exercise included providing information to interested parties to register on the Council's procurement framework.

- 4.15. Major Projects are managing the design and fit out works for 40 Cumberland Road. These works are jointly cliented by the Wood Green Regeneration and Property teams. The design team is being managed by architects Assemble and QS services are being provided by IKS. The fit-out contractor is yet to be commissioned but Major Projects have added approval of the successful contractor to the cabinet forward plan for spring 2024.

5. Alternative options considered

- 5.1. Officers considered the following alternative options to manage 40 Cumberland Road and achieve the ambitions for the property as set out:

5.2 Council Direct Delivery of Whole Site in 2024

The Council currently provides facilities management and wider property management to 40 Cumberland Road, which mainly involves managing the upper two floors of occupiers, and provision of repairs, cleaning, maintenance and security. While deliverable, it is resource intensive. The level of resource required will only increase as the building is developed into a fully functioning workspace environment. It is unlikely that LBH would be in a position to mobilise a full team on the opening of the Enterprise Hub, due to timescales and challenges associated with within the property profession. Failure to deliver within the time constraints or meet service level requirements would have a repercussions on the financial return that the Council can expect.

5.3 Council Manages Occupiers and Appoints External FM Management

This option would involve a split of responsibilities between the Council, who would manage occupiers; and a third-party supplier who would undertake facilities maintenance duties under a services contract. The time to implement the services contract would be similar to the Property Management Services Contract due to legal and procurement rules. In this case, the Council would need to be highly diligent as client, as the management of the property and the facilities would be separated. This would cause complexities including an impact on the occupier experience, higher level of Council resource required to manage the site, and risks around communication and the loss of synergy and economies of scale in delivery. Overall, the cost of delivering Property Management directly and facilities management via a supplier is likely to reduce the financial return.

5.4 Do Nothing

The responsibilities associated with property ownership mean that not providing services to the building is not an option. The Council has statutory and legal responsibilities to ensure that the building is safe and being used appropriately. The longer-term cost of implementing occupational agreements and not providing services or management will be significant reducing the overall return.

6. Background information

- 6.1. The ambition for 40 Cumberland Road (also referred to in this paper as the “Wood Green Enterprise Hub”) is to deliver on several Council objectives. For instance it will:
- create new opportunities for the people and businesses of Wood Green;
 - activate an underused Council asset;
 - generate new economic activity;
 - diversify the town centre;
 - provide the Council with an income stream.
- 6.2. Parts of 40 Cumberland Road (GF – 2nd Floor) were previously used to accommodate Council officers, who are now accommodated elsewhere. These floors are now vacant.
- 6.3. In January 2022 a previously adopted approach was approved at Cabinet. This approach involved competitive selection of a supplier to manage 40 Cumberland Road under a lease and service level agreement. A preferred supplier was identified, but they withdrew due to concerns over the financial viability of their proposals in a changing economy. On the basis of this withdrawal, an options analysis was undertaken as set out in section 5 which identified that the preferred option is “Self-operate as LBH”, either via building a team within the Council or procuring the services of an operator building an in-house team to manage commercial properties such as this. A paper was taken to CPSG board in April 2023 which approved this preferred approach.
- 6.4. Conclusion of Procurement Process

Supplier	Price	Quality	Final Score	Rank
Supplier A	40	45	85	1 st
Supplier B	35	27	62	2 nd

The comprehensive evaluation process concluded that Supplier A was ranked first and able to meet all the Council’s requirements.

- 6.5. Risks relating to the commercial property services contract include:

Risk Area	Description	Mitigation Actions
New way of working	This is a new way of working for the Council,	Approaches have been identified and will be developed to successfully

	which will create challenges	manage this new way work of working
Supplier underperform s	The supplier might fail to achieve the Council's targets for the contract	Have clear performance indicators in the contract and suitable clauses to manage under delivery
Agility in entering contracts	To optimise occupancy rates and speed of mobilising third party service providers, a faster than normal process would be required for the Council.	Seek time efficiency where possible including use of digital signatures, credit check agencies and contract templates to minimise legal time required.
Demand	Market demand from small businesses is currently high for small units, but that could change over the coming years, reducing the surplus generated from the property.	Monitor market activity and respond accordingly.

6.6. The commercial property management services contract will enable a contribution to be made to the following:

Corporate Delivery Plan 2022-2024 – High level strategic outcomes including:

- a. Place – Improving opportunities for co-production, embedding the property within local networks, and diversifying the local area through introduction of innovative new uses.
- b. Good Economy – Supporting Good Economy principles, such as through the creation of training opportunities, business support provision, and employment and skills opportunities in key sectors for local micro businesses and people.
- c. Community Wealth Building – Encouraging community wealth building and invest locally, through methods such as localised supply chains and procurement.
- d. Financial Sustainability – Supporting the property to create no ongoing net loss to the council and ideally surplus generating.

The Councils' Commitment to achieving Net Zero by 2041

- a. Mitigating Carbon - In line with central government policy which makes it unlawful for landlords to grant new leases and licences on commercial premises if the Energy Performance Certificate (EPC) rating is below an E, the energy efficiency of the building will be improved as part of the refurbishment. From 2027 commercial buildings will be required to deliver a

standard of building with an EPC level of C. Therefore, this is the level that will be targeted.

- b. Mitigating Carbon – Travel Emissions - creating a workspace in the town centre which caters to local people will contribute to reduction of Travel emissions, by giving residents access to a site which they can easily commute to on foot or by bicycle, rather than by car. To discourage unnecessary car journeys, the site will not offer dedicated parking (blue badge parking and loading bays are available on the street). The ground floor car park will instead be reutilised as a space to deliver events. Bicycle parking will be provided.

Shaping Wood Green Strategic Engagement Outcomes

In line with the approach to engagement set out in the 2022-2026 Labour manifesto, the 'Wood Green Voices' strategic programme of engagement was delivered in Wood Green town centre in late 2022. It aimed to engage with local residents and stakeholders in a new, truly collaborative way; reaching those who are often excluded from such processes. The feedback received was collated and divided into six themes and presented in the Shaping Wood Green vision document, which was launched at a community event in July 2023. The commercial property management services contract will enable delivery on several priorities within three of the six themes as follows:

- a. Culture at the Heart of Wood Green – Continued provision of lower cost space for local creatives and creative micro businesses on the third and fourth floors of 40 Cumberland Road will enable the current activities to continue and grow, helping to cement Wood Green as an attractive location for this sector in a time where artists and creatives are increasingly priced out of studios in previously affordable areas. Provision of space for cultural anchor tenants such as Alexandra Palace, who wish to take space within the property to expand their work with young people, and deliver seasonal theatre pop up activities will connect new cohorts of local people with Alexandra Palaces' ongoing work and work in tandem with the creative studio space to establish the property as a focal point of various different types of cultural activity.
- b. North London's Town Centre for All – The commercial property management services is anticipated to help the property diversify the Wood Green town centre, creating exciting and innovative new opportunities for local people and bringing new activity and animation to a currently underused site. Working in tandem with other local multi-occupied properties such as Blue House Yard and Clockwise Workspace has potential to transform Station Road from a secluded back street into a thriving enterprise zone. Provision of commercial space for local businesses is an essential part of a thriving town centre. The Council wants to provide such space to ensure that businesses are able to start, grow, and be retained in the local area; creating much needed local jobs.
- c. An Economy to Benefit Everyone – Strategic reuse of Council properties such as 40 Cumberland Road for uses other than as Council offices can deliver a

plethora of benefits for the local area. Ongoing collaboration with anchor organisations such as Alexandra Palace will strengthen the Council's inward investment approach.

7. Statutory Officers comments

7.1. Finance Comments

Finance Comments are contained in Exempt Part B

7.2. Strategic Procurement Comments

Strategic Procurement have been consulted in the preparation of this report.

An open tender process in compliance with CSO 9.01.2a) has been undertaken and lead by Strategic Procurement.

CSO 9.07.1d permits the Cabinet to award all contracts valued at £500,000 or more at the time of award.

Strategic Procurement support the recommendations in Section 3 of this report

7.3. Legal Comments

The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

Pursuant to Contract Standing Order 9.07.1(d)) Cabinet has authority to approve the recommendations in the Report.

The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

7.4. Equalities Comments

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

- eliminate discrimination, harassment and victimisation and any other conduct prohibited under the act.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

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

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

Procuring commercial property management services is expected to benefit residents in line with Opportunity Haringey's inclusive economy strategy and the Good Economy Recovery Action Plan, which describes the Council's objectives regarding bringing social and economic benefits to residents, including those with protected characteristics. As a result, this decision may have indirect positive impacts on equality, but the decision itself is likely to have a neutral impact. Additionally, it should be noted that this decision will have no known negative impacts on those who share the protected characteristics.

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

8. Use of Appendices¹

8.1. Exempt report in Part B of the agenda

9. Local Government (Access to Information) Act 1985

¹ Must be sent to Democratic services with report for publication. There is a requirement to publish information on the internet and intranet sites.

Categories of Exemption

Exempt information means information falling within the following categories:

Part 1

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
4. Information relating to any consultations or negotiations or contemplated consultations or negotiations in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes – (a) to give under any enactment a notice under or by virtue of which requirements are imposed upon a person; or (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Part 2

Qualifications to the above exempt information:

(a) Information falling within paragraph 3 above is not exempt information under that paragraph if it is required under – (a) the Companies Act 1985 (b) the Friendly Societies Act 1974 (c) The Friendly Societies Act 1992 (d) The Industrial and Provident Societies Acts 1965 – 1978 (e) the Building Societies Act 1986 (f) The Charities Act 1993.

(b) Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.

(c) Information which – (i) falls within any of paragraphs 1-7 above; and (ii) is not prevented from being exempt under (a) or (b) above is exempt information if and so long as, in the opinion of the Monitoring Officer, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.