




Report for:	Cabinet – 15 October 2013	Item Number:	
Title:	Revitalising Tottenham High Road and delivering skills, employment and business growth		
Report Authorised by:	Lyn Garner, Director of Place and Sustainability 		
Lead Officer:	Adam Hunt, Interim Area Regeneration Manager (North Tottenham)		
Ward(s) affected:	Bruce Grove	Report for Non Key Decision	

1. Describe the issue under consideration

- 1.1 A key objective of the Council's *A Plan for Tottenham* is the revitalisation of Tottenham High Road to ensure it becomes the heart of business, commercial and community life in Tottenham. The High Road should be a place that encourages economic opportunities for Tottenham's diverse communities and a place that draws in visitors due to a strong mix of high quality events, retailers, leisure operators, businesses and professional services companies. Achieving this requires a positive and pro-active intervention strategy where the Council is using its influence, its powers and its place shaping role to attract new, high quality businesses and retailers to the High Road to support our ambitions for substantial business and employment growth in Tottenham.
- 1.2 Since the publication of *A Plan for Tottenham* in August 2012, our strategy for improving the economic vitality of the High Road has included proposals to intervene positively in the following areas:
- Transport and public realm investment to improve the look and feel of the High Road
 - Developing new planning policy frameworks that support retail and business growth in the key centres on the High Road (North Tottenham, Seven Sisters and Bruce Grove District Centre)



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- Support for new high quality 'place making' developments
 - Working with the Tottenham Traders Partnership and Metropolitan Police to develop a High Street Charter that sets out commitments to improve the shopping and leisure experience in Tottenham
 - 'Activating the High Road' by working with the local community to deliver high quality events and activities that drive up visitor numbers and spend
- 1.3 However, despite these initiatives and despite the substantial public and private sector investment in Tottenham, there is a real and recognisable need to do more, to go further and to achieve positive change more quickly. The High Road is currently dominated by independent retail stores, many of which provide value and convenience products and which operate within a challenging financial context, and there are a lack of nationally recognised multiple retailers, businesses and quality professional services companies willing to invest in the area. This is evidenced by CACI's retail centre rankings which place Bruce Grove 1,331st out of 4,216 retail centres in the UK. This is below other 'urban centres' such as Stoke Newington (1203), Green Lanes (915), Hackney (647), Catford (585) and Peckham (548)¹.
- 1.4 The challenge of achieving a healthy, sustainable mix of local independents and nationally recognised brands is further exacerbated by the lack of suitable premises due to the condition, size and layout of existing units in the primary retail areas. Many of the units are small and narrow and do not provide enough floor space suitable for national brands and multiple retailers to justify decisions to invest on the High Road.
- 1.5 Therefore, as part of the ongoing strategy to intervene positively on Tottenham High Road to effect an improvement in market conditions and encourage the growth of high quality new businesses, the Council is proposing to transform a currently vacant building on the High Road (vacant for the last six months after the previous occupants went into liquidation) into new high quality work space suitable for commercial or Council use. The Council will take a five year lease and undertake an initial investment programme to refurbish the building to a high standard, these premises will provide the Council with a great opportunity to start influencing the mix of businesses and activities on the High Road.
- 1.6 Taking a lease of these premises (451-453 Tottenham High Road) should be seen as part of our long term strategy for improving the High Road. There is also a wider opportunity for the Council (and partners) to use these premises as flexible space to showcase regeneration projects and activity, deliver exhibitions and engage with the local community as change, development schemes and regeneration programmes are coming forward.
- 1.7 Initially, as a 12 month pilot project for these premises, the Council is proposing to work in partnership with the College of Haringey, Enfield and North East London (CHENEL) and John McAslan and Partners (JMP), a globally recognised architects and urban design practice, to utilise these premises as fully functioning urban design studios that will also provide a range of work experience, work placement, training opportunities and outreach activities for the local community. It is proposed that this 12 month pilot partnership project will be hereafter known as 'N17 Design Studios'.
- 1.8 This report sets out the proposals and funding requirements for the initial 12 months of 451-453 High Road project. Work is underway to develop the long term strategy, proposals and resource requirements for these premises and this will form part of a report on the overall Tottenham Regeneration Programme that is going to Cabinet on November 28th 2013.



1.9 This report also sets out:

- The objectives and outputs associated with the proposed partnership pilot project with JMP and CHENEL (which will be finalised and agreed as part of a Memorandum of Understanding (MOU)).
- The relevant EU State Aid regulations and how the net expenditure associated with this project needs to be contained within the relevant State Aid de minimis limits.

2. Cabinet Member introduction

Introduction from the Leader of the Council

- 2.1 A key objective of the Council's *A Plan for Tottenham* is the revitalisation of Tottenham High Road through the attraction of new, high quality businesses and retailers. *A Plan for Tottenham* also prioritises improving the quality of life for everyone through encouraging investment, jobs and enterprise throughout Tottenham. These objectives are aimed at equipping residents and businesses with the opportunities to succeed, as well as providing confidence to investors and visitors to the area.
- 2.2 The delivery of regeneration in Tottenham is as much about raising aspiration and achievement as it is about new buildings and physical improvements. The proposals contained in this report can do so much to help improve the employability chances of local young people through exposing them to a professional office environment and giving them the opportunity to learn valuable new skills that are aligned with both their studies and real life social, economic and physical regeneration projects.
- 2.3 As a Council, we have always been clear that we want to encourage a thriving High Road that has a sustainable mix of high quality local independents and nationally recognised names. Through *A Plan for Tottenham*, substantial investment in public realm and transport improvements and emerging planning policies, the Council is ensuring a strong focus on revitalising Bruce Grove town centre through improving the retail offer and encouraging high quality, complementary commercial and leisure uses wherever possible.
- 2.4 The proposals contained within this report, namely the creation of high quality business space and the emphasis placed on business, skills and jobs growth, will play a key part in our long term ambitions to ensure an economically successful and sustainable High Road for existing and new businesses and our wider ambitions to ensure the local community are equipped with the skills and opportunities to succeed and thrive.



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3. Recommendations

That Cabinet:

- 3.1 Agree a virement from central contingencies of £181,548 to fund the pilot project
- 3.2 Endorse the plans to take five year lease of the premises at 451-453 Tottenham High Road and recognise the key role it can play in delivering positive change to that area
- 3.3 Note that the financial implications of the longer term proposals for 451-453 Tottenham High Road will form part of a report on the overall Tottenham Regeneration Programme that is going to Cabinet on November 12th 2013.
- 3.4 Agree that the Council, John McAslan and Partners and CHENEL enter into a services contract for the delivery of the 12 month pilot project based on the proposed MOU (the details of which are currently being finalised and the outcome of this will form part of the report going to Cabinet on November 28th 2013).
- 3.5 Agree to the waiver of Contract Standing Orders to tender the services associated with the partnership pilot project as it is in the Council's overall interests.

4. Other options considered

- 4.1 The Council could decide to not proceed with this project and to take a non-active role in the uses and offer available on Tottenham High Road, but that is not considered appropriate for a number of reasons.
- 4.2 As stated in section 1 above, the Council is determined to revitalise Tottenham High Road and make it the heart of business, commercial and community life in Tottenham. This requires a much stronger focus on attracting high quality retailers in the key centres on the High Road (North Tottenham, Seven Sisters and Bruce Grove District Centre) and promoting other high quality uses outside these key centres (leisure and employment generating commercial uses in particular).
- 4.3 Whilst substantial private and public sector investment is happening in, and is planned for, Tottenham, this has yet to result in a more diverse High Road offer. The Council has been clear that it wants to see a mix of high quality independents and nationally recognised businesses choosing to locate on Tottenham High Road. The opportunity the 12 month pilot project presents of a prestigious and high profile business such as John McAslan and Partners (who have been responsible for projects such as the new King's Cross station and the Roundhouse in Camden) locating on Tottenham High Road can be a real game changer for Tottenham. It can send a huge signal of confidence to the local business community and wider investor market that Tottenham is growing and changing and that the area is open for business.
- 4.4 451-453 High Road is located just outside of the designated Bruce Grove District Centre. Whilst currently designated as an A1 (shops) use class, without prejudice to the Council's role as a Local Planning Authority, a proposal for a high quality professional services company (Architects and Urban Design Practice) operating out of a B1 (Business) or A2 (Financial and Professional Services) premises will be non-rivalrous with surrounding commercial premises and can play a key role in lifting the feel and offer of the surrounding area.



5. Background information

5.1 Revitalising and intervening on Tottenham High Road

- 5.2 As outlined in section 1, ensuring a successful and thriving High Road through an appropriate programme of investment, intervention, partnership working and policy support has been a central component of delivering the priorities outlined in *A Plan for Tottenham*. The proposals for 451-453 Tottenham High Road build on this programme and seek to influence wider change and business and employment growth through the creation of high quality space appropriate for high quality business opportunities.
- 5.3 The programme of activity that will operate from these premises will also help tackle one of the wider challenges for Tottenham, namely the poor economic and social outcomes and disadvantage suffered by large parts of its community. The unemployment rate is one of the highest in London with young people often suffering disproportionately from a lack of employment opportunities. There is also a very real skills challenge with over 35% of the population not having a qualification to NVQ level 1 and 18% with no qualifications at all. Therefore, a major focus of our regeneration plans is improving aspiration and achievement amongst young people in Tottenham. This building can play a key role in solidifying partnership approaches to creating economic opportunities (including jobs, skills development and training) in Tottenham.
- 5.4 These proposals also align with a number of the key objectives (highlighted in bold) agreed by Cabinet on the 9th July 2013 to underpin and guide the Tottenham regeneration programme:
1. ***Creating jobs and providing skills and training***
 2. *Improve healthcare and community facilities*
 3. ***Improve educational facilities and opportunities***
 4. *Improve housing conditions and housing choice*
 5. *Improve transport infrastructure*
 6. ***Support local businesses and traders***
 7. *Encourage appropriate development –retail, offices and housing etc*
 8. *Reduce crime, fear of crime and improve community safety*
 9. ***Stimulate diverse cultural offer –inc. leisure and entertainment***
 10. *Create a green and better environment inc street scene, cleansing, waste etc*
- 5.5 As stated in 1.7 above, the Council is planning on initiating this programme through a 12 month partnership pilot project with JMP and CHENEL. Both partners will bring a range of incredibly valuable expertise and knowledge to the pilot project. CHENEL will work closely with the Council to manage the process of providing work placements and work experience opportunities to N17 Design Studio and to carry out skills assessments to ensure candidates are ready for the opportunities. They will also play an active part in engaging their students with N17 Design Studio and identifying potential 'real' projects that students may be interested in undertaking relating to urban design or regeneration.



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- 5.6 For their part, JMP will be bringing a wide range of specialist expertise and knowledge to N17 Design Studio. As well as their expertise and knowledge, they are bringing with them a commitment to ensuring N17 Design Studio becomes known as a place that is playing a positive role in the regeneration of Tottenham and a place that is open and welcoming to Tottenham's businesses and residents. This will be achieved through their commitment to community outreach activities with CHENEL and local schools, and through the opportunities they can provide for training in architecture, design, model making, computer visualisation, graphic and web design, administration and customer service.
- 5.7 The Council has always been clear that it wants the local community, and young people in particular, to be fully engaged in the regeneration programme for Tottenham and to act as ambassadors for positive change. This is supported by the partners in the N17 Design Studio pilot project too. As well as the range of social regeneration programmes that are being developed, there is an opportunity through this pilot project to ensure that the local community are able to get a better understanding of how physical change and development may affect their neighbourhoods and local areas. It is proposed that a physical model of Tottenham is commissioned as part of this project that would be able to show how change and where change is happening in Tottenham. It would be located primarily at 451-453 Tottenham High Road and would be available for public viewing as well as being able to be the centre piece of exhibitions and community engagement events that relate to the regeneration programme. The model would also be transportable and could be used for schools outreach activities and wider promotional events. It is proposed that this model is commissioned from McAslan as part of the pilot project due to both their expertise but also the opportunity it will provide to potentially involve local young people in learning about model making skills and computer design as the model is both developed and utilised in the building.
- 5.8 The initial objectives and outputs associated with the proposed partnership pilot project with JMP and CHENEL
- 5.9 The Council, John McAslan and Partners and CHENEL are finalising the details of the MOU and the delivery of the 12 month pilot project and the outcome of this will form part of the report going to Cabinet on November 28th 2013. Therefore, the objectives and outputs identified below are still subject to final agreement from all parties.
- 5.9 **Key objectives**
- 5.10 The 12 month pilot project will seek to:
- provide skills, training, work experience and employment opportunities to Tottenham residents
 - stimulate business growth in the area and attract new companies to invest through a demonstrable commitment from a high quality professional services (Architects) organisation choosing to locate in Tottenham
 - deliver outreach project activities to local schools utilising JMP's professional expertise and skill sets
 - provide a space to both showcase regeneration activity and projects happening in Tottenham and to provide community facing activities delivered by, and for, the local community



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5.11 Key outputs

5.12 The 12 month pilot project will:

- provide 12 half days of engagement and structured project activities with local primary and secondary schools (both via outreach work, talks, presentations and utilisation of the N17 Design Studio premises)
- provide work experience opportunities for a maximum of 5 students from local secondary school or college students for a period of 5 days
- provide work placement opportunities for 2 local young people for a period of 6 months paid at the London Living Wage (these placements will provide specific training and skills relating to architectural design specifically for model making, computer aided drafting, graphics, web design and studio management). It should be noted that these 2 individuals will not be employees of the Council.
- provide space available for use by the Council and other community stakeholders (to be agreed with the Council in advance) for activities such as exhibitions, launches, consultations, outreach activities and meetings on at least 12 occasions within the 12 month period
- provide space for permanent information or a display about regeneration projects in Tottenham
- provide space usable for 2 Council staff as a 'touchdown' area for work or meetings in Tottenham

5.13 The pilot project, including any other deliverables, will be the subject of ongoing evaluation in accordance with the contract and this will both determine how successfully the pilot project's objectives have been met, whether the pilot project should be extended or formalised (and this would be the subject of an appropriate report to the Council) and how future objectives should be determined and agreed.

5.14 As set out throughout this report, the proposals for 451-453 Tottenham High Road should be seen as part of a longer term strategy. A strategy and business case for these premises will be developed over the next 12 months and will incorporate learning from the initial pilot project. If a decision is taken to not proceed further with the pilot project after the nine month evaluation period, then the Council will ensure that it is in a position to have alternative partners in place to ensure that the premises are maximised to their optimal potential. As an example, it should be pointed out that the fit out of these premises will be done to a high quality, standard specification so that the premises will be suitable for a variety of partners and activities.

5.15 Indicative costs and financial implications

5.16 Expenditure associated with the 12 month pilot project is assumed to start from 1st November 2013. The table below identifies indicative costs for expenditure for the 12 month period. Final detailed costs are dependant on the result of commercial negotiations with the property's owners and the final costs associated with refurbishment and fit out. The Council needs to consider and agree resources and proposed expenditure in order to undertake this 12 month pilot project:



Item	Indicative Amount (£)	Cap / Rev
Refurbishment of premises	100,000	Capital
Project management fees	7,000	Capital
Rent	19,000	Revenue
Business rates	10,048	Revenue
Utilities	3,000	Revenue
Work placements (100% contribution)	14,000	Revenue
Project expenses	10,000	Revenue
Tottenham regeneration Model	18,500	Revenue
Total	181,548	Capital – 107,000 Revenue – 74,548

- 5.17 The total expenditure required to deliver the 12 month partnership pilot project is anticipated to be approximately £181,548
- 5.18 The resources required to deliver the 451-453 High Road programme over five years will be the subject of a report on the overall Tottenham Regeneration Programme that is going to Cabinet on November 12th 2013. Based on the costs identified above, it is anticipated that the total budget requirement would be in the region of £365,000 but this will be clarified at the November 12th Cabinet.
- 5.19 The relevant EU State Aid regulations and how the net expenditure associated with this project needs to be contained within the relevant State Aid limits
- 5.20 In undertaking and developing this proposal, as well as internal legal advice, the Council has also sought external legal advice from Trowers and Hamlins LLP due to their expertise in relation to public procurement and EU State Aid regulations. They have also commented on the proposed contractual arrangements.
- 5.21 It is important to note that the net expenditure (expenditure minus project output values) associated with all aspects of this project is required to be within current EU State Aid de minimis limits. These limits apply to any aid received from any public source by the beneficiary which must not in total exceed €200,000 over a rolling three financial year period. Exchange rates obviously fluctuate daily, for the purposes of this project the rate in British Pounds is assumed to be £168,000 which is based on an online currency converter value (as at 18 September 2013).
- 5.22 The three financial year rolling period is assumed to run for the following period - 1st April 2013 to 31st March 2016. A second three year rolling period is then assumed to run from 1st April 2016 to 31st March 2019.
- 5.23 In relation to EU State Aid considerations when assessing what aid is being given to JMP the Council can offset against the total amount it is investing into the project and from which JMP is benefiting, the value to any services or outputs we are receiving from JMP (i.e. in the case of the



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12 month pilot project the services we are receiving from JMP in return). An appropriate value has been ascribed to the following activities:

- Schools engagement and project activities (12 half days of programmed engagement and structured project activities with local primary and secondary schools) = £3,600 per annum
- Work experience opportunities (Provide work experience opportunities for a maximum of 5 students from local secondary schools or college students for a period of 5 days) = £4,000 per annum
- Office and exhibition space (available for use by Council and stakeholders on at least 12 occasions within the 12 month period) = £4,800 per annum
- Use by Council staff as touchdown space (be usable for up to 2 Council staff as a touchdown area work or meetings) = £6,000 per annum

- 5.24 It is important to note that these services identified above do not require a competitive tendering process and that the requirements of Contract Standing Orders are being waived (see section 7.5 below for further information) as it is clearly in the Council's overall interests to receive these services from JMP. Utilising JMP's expertise to engage with schools and young people on real projects and scenarios and work experience placements having the opportunity to be mentored by experienced representatives from McAslan will be invaluable. Likewise, using this creative space and the design facilities for a range of engagement, exhibition, meeting and office related activities provides a great opportunity to promote Tottenham regeneration to investors and the local community.
- 5.25 Anticipated net expenditure for this project over the five year period (based on the indicative costings outlined earlier in the report and the values ascribed to project outputs) is within the relevant EU State Aid de minimis limits (JMP have confirmed they have not received any other de minimis aid within the relevant period). If the project were to continue past the 12 month pilot project period then net expenditure in the first three year rolling period is anticipated to be approximately £141,000. Net expenditure in the second three year rolling period is anticipated to be approximately £125,000. It is important to note that these rules could apply to any potential future partner (i.e. if the 12 month pilot project did not continue).
- 5.26 An annual review of expenditure will be undertaken over the proposed five year life of the project (i.e. two sets of rolling 3 financial year periods) to ensure that the €200K figure for EU de minimis State Aid is not exceeded.

6. Comments of the Chief Finance Officer and financial implications

- 6.1 The 12 month pilot phase of the project has an expected £107,000 capital cost and an estimated £74,548 of revenue costs. It is expected that all the capital costs will be incurred in 2013-14 and the revenue costs would be approximately £46,524 in 2013-14 and 28,024 in 2014-15.
- 6.2 There is no existing funding identified for this project and thus a one-off virement from central contingencies would be appropriate subject to Member agreement.
- 6.3 A report on the wider Tottenham Regeneration Programme and related funding requirements is expected to be considered by Cabinet in November. The longer-term funding requirements of this project will form part of that report and thus additional funding could be agreed by Cabinet at that point.



6.4 Expenditure will need to be monitored closely to ensure adherence to State Aid regulations.

7. Head of Legal Services and legal implications

- 7.1 The proposal to take a lease on the premises for a 5 year period is set out in the report. Any proposed change of use required to accommodate the proposed use may need the grant of planning permission and this report is without prejudice to any future decision of the Council as Local Planning Authority on any such planning application.
- 7.2 The terms of any lease for 5 years will need to be carefully examined once the terms are known.
- 7.3 The report states that the Council can offset against the total amount it is investing into the project and from which JMP is benefitting, the value of any services or outputs the Council is receiving from JMP.
- 7.4 By ascribing a value to the services and outputs it is possible this could be viewed as a procurement of a contract for services. These services are predominantly Part B services for the purposes of the Public Contracts Regulations 2006 (as amended) and the value ascribed to these fall below the EU threshold for services (currently £173,934). Therefore, it would not be necessary to follow an OJEU tendering process.
- 7.5 As the value of the services being provided is above £5,000 and under £100,000 CSO 8.02 provides that the contract must be let following a competitive tendering process. However the requirements of the CSOs can be waived where it is in the Council's overall interests. Under CSO 10.01.01 (a) a waiver of this requirement may be agreed by Cabinet or under CSO 10.01.01 (b) by a Director. CSO 10.01.02 (d) provides that a waiver of this requirement may be agreed after considering a written report that demonstrates that it is in the in the Council's overall interest. The provisions of this report recommend a waiver of CSO8.02 as it is in the Council's overall interests.
- 7.6 Case law provides that where contracts with a cross-border interest are let the EU principles of non-discrimination and transparency require that a sufficient degree of advertising should be undertaken to enable the market to be opened up to competition. Legal opinion generally appears to be that cross-border interest would not apply where the contract value is relatively small. Therefore in the view of the Head of Legal Services there would not be any cross-border interest in this contract.
- 7.7 The assistance and other benefits funded by the Council and being provided under the above Project involves the provision of assistance that under European Union rules is characterised as "De Minimis Aid " within the meaning of the European Commission's De Minimis Aid Exemption Regulation 1998/2006.
- 7.8 The Council have taken external expert legal advice, including on State Aid relating to this project. The 12 month trial project partnering with JMP needs to be compliant with EU competition law and the project described in this report and the financial model provided in section 5 above indicates the arrangements with JMP makes use of the De Minimis Aid Exemption Regulation as set out in this report.
- 7.9 The project will need to be carefully monitored to ensure that the De Minimis Aid exemption limits are not exceeded and the arrangement with JMP should incorporate a requirement for a declaration on the value of assistance, grants or other benefits received by JMP (if any) in the



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last three (3) consecutive financial years from the Council or any other public body or public source. This arrangement should include an undertaking to inform the Council of any further assistance, grants or other benefits it receives from the Council or any other public body or public source in the future to enable it to monitor the De Minimis Aid.

8. Equalities and Community Cohesion Comments

- 8.1 The proposals contained in this report will support delivery of the Council's 'A Plan for Tottenham', a key strategy plan to revitalise Tottenham which is home to some of the most deprived residents of Haringey, many of whom possess the characteristics protected by section 4 of the Equality Act 2010. The proposals will also help tackle the divide between the deprived east and the relatively affluent west of the borough. On the whole, the proposals will support the Council's performance on its public sector equalities duties.

9. Head of Procurement Comments

- 9.1 The Head of Procurement has been consulted on this report.

10. Policy Implication

- 10.1 n/a

11. Use of Appendices

- 11.1 n/a

12. Local Government (Access to Information) Act 1985

- 12.1 n/a