



Haringey Council

Report for:	Leader of the Council	Item Number:	
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Title:	Outer London Fund (OLF2) Green Lanes Shop Fronts refurbishment scheme.
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Report Authorised by:	Lyn Garner, Director of Place & Sustainability	<i>LG</i>
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Lead Officer:	Jon McGrath, Assistant Director, Property and Capital Projects
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Ward affected: Harringay	Report for: Key Decision
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1. Describe the issue under consideration

- 1.1 To seek approval from the Leader to appoint the recommended contractor (T and B Contractors Ltd) to deliver the Green Lanes shop front refurbishment scheme in the sum of £636,866 which is funded by the Greater London Authority (GLA) and local traders buy-in contributions. (80 / 20% split respectively).
- 1.2 To seek approval from the Leader to issue a letter of intent prior to the formal contract signature for 10% of the contract value.

2. Cabinet Member introduction

- 2.1 The Green Lanes Outer London Fund (OLF) 2 scheme is made up of three separate projects, namely: Shop Front regeneration; Micro Squares; Harringay Green Lanes railway bridge. The scheme seeks to improve the look and feel of the environment and infrastructure of Green Lanes which in turn will facilitate economic improvements and growth to Green Lanes and local businesses.
- 2.2 The original business case was put together by the local Green Lanes Traders Association which subsequently secured the majority of the funding from the GLA. However, the unique premise for this scheme was that, partly in view of the local support by the traders, the GLA funding was dependant on a contribution



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(buy-in) by the Traders, in order to secure the full funding. This 'buy in' is applicable to the shop front project only, which forms the major element of the overall scheme.

2.3 This report focuses on the shop front refurbishment scheme only. This award of contract has been subject to a competitive tender process and detailed negotiations and we are content that the decision made offers best value for Haringey.

3. Recommendations

3.1 Request approval from the Leader to award a contract to the recommended contractor (T and B Contractors Ltd) for the sum of £636,866 which is fully funded by the GLA and traders contributions.

3.2 Request approval from the Leader to issue a letter of intent prior to formal contract signature for 10% of the contract value.

3.3 The establishment of a capital budget of £1,373,634, as outlined in section 1.4 of Appendix B exempt information to this report.

4 Background Information

4.1 The shop front works comprise the refurbishment of 30 existing shop fronts and include: the installation of new shop fronts; security shutters; fascia signs; awnings; and repairs to upper facades.

4.2 Deposit payments have been received from traders in order to secure their place onto the scheme. The full allocation of 30 premises has been established.

4.3 The traders' contributions are being secured under the execution of a legal agreement prepared and issued by the London Borough of Haringey.

4.4 Planning permission has been received for 17 premises, where the nature of the proposed works so required planning approval. No planning applications have been declined or deferred.

4.5 The GLA funding is agreed on the basis that the works are completed within the current financial year, i.e. by the end of March 2014. Any work extending beyond this period, risks the loss of funding from the GLA, therefore it is essential that the project delivery timescales are achieved. However, following the withdrawal of 7 traders and their subsequent replacement by 7 new traders from a waiting list, the GLA have acknowledged that for a justifiable reason such as this, slippage of funds into the early part of the following financial year relating solely to the 7 new traders, is likely to be granted. The GLA's formal decision on this is not expected before late February 2014. In the unlikely event that the GLA did not approve the carry forward of funds into the next financial



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year, the additional 7 premises would need to be omitted from the contractors contract, for which some loss and expense costs could be incurred. Therefore, contingency sums have been allocated to cover such an eventuality to mitigate the Council's risk to any financial exposure, should the GLA not agree to carry over funding.

4.6 To enable mobilisation and delivery of the project before the GLA March 2014 deadline, this decision can not wait until the next full cabinet meeting.

5 Procurement Process

5.1 Competitive tenders were invited from eight contractors from the Framework Agreement for the Major Building Construction Works band A £250,000 to £1,000,000. Six companies submitted a tender which were based on a 60% quality and 40% price bid.

5.2 A Quality Assessment was conducted by an Evaluation Panel, comprising of the GLA, the Lead Design Consultant, the Quantity Surveyor and LBH Project Manager. A pre agreed list of questions relevant to this project was included as part of the Qualitative Delivery Proposals (QDP). Quality issues addressed through the clarification process with the contractor have been satisfied.

5.3 The recommended tender bid scored the highest marks for both cost and quality and is within the budget allowances.

5.4 The recommended tender submission is considered to offer good value for money. The design is in accordance with their tender submission and meets the employers' requirements as defined in the tender documents.

5.5 A summary of the tender submissions evaluation matrix is illustrated in the tabled immediately below:

Tenderer	Price Points Awarded*	Quality Points Awarded	Total Points Awarded (out of 100)
T&B (Contractors) Limited	40.00	46.05	86.05%
Supplier B	27.99	34.05	62.04%
Supplier C	30.22	24.15	54.37%
Supplier D	25.65	25.50	51.15%
Supplier E	23.49	24.60	48.09%

* after correction of pricing errors noted above.

5.6 The defects liability period (rectification period) is 12 months.



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- 5.7 The contract is to be awarded on a fixed price basis.
- 5.8 The procurement route is traditional fully designed.
- 5.9 Tenders include all construction costs, site establishment and management costs, contractors design costs, overhead and profit.
- 5.10 A letter of intent is intended to be issued for 10% of the contract value to enable works to start, which equates to £63,686.60.
- 5.11 The contractor needs to be appointed as soon as possible in order to complete the works by the end of March and avoid the risk of losing GLA funding by not containing the works within the current financial year.
- 5.12 The London Housing Consortium (LHC) Network offers a selection of products, services and contractors through pre-tendered framework arrangements. A review of the LHC framework arrangements has been carried out and goods and services, where applicable, have been applied.
- 5.13 Place and Sustainability will continue to project manage the works through to completion and final accounts.
- 5.14 An extensive public consultation has been carried out with the local traders, residents associations and the general public with widespread, unanimous support.
- 5.15 A legal agreement has been prepared for the shop traders benefiting from this scheme that will be required to be entered into prior to any works being undertaken, this agreement provides for access to the premises to undertake the works and the requirement to make a 20% contribution towards the costs of the works prior to the commencement of works.

6 Comments of the Chief Finance Officer and financial implications

- 6.1 The total budget allocation for the shop front element of the Green Lanes scheme is £1.37m, which is expected to be funded from GLA grant of £1.15m, and an original estimate of contributions from shop keepers of up to £224,000.
- 6.2 The costs of the contract which is the subject of this report can be met from the available budget.
- 6.3 There are some risks to the project as follows:
 - a) Traders deciding not to sign up to the required agreement and payment terms. In this case the number of individual shop-front projects would be reduced, and there would be a reduction in the scale of contracted works commissioned. There would potentially be some loss and expense incurred under the contract, although this would be marginal. If accepted as part of the overall cost of



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- managing the programme, these costs would potentially still be eligible for grant funding.
- b) Traders only making a partial contribution of costs. The current expectation is that the full required contribution is paid up front, which minimises this risk. However, it is possible that more extended payment terms will be negotiated. In this case, the potential non-payment risk would increase. An initial assessment of the maximum likely risk would be a shortfall of £100k, and this risk would fall to be met by the Council, as it is unlikely that GLA funding would be made available to cover non-payment by traders. However, the Council would have normal recourse to its procedures for bad debt recovery to mitigate against this possibility.
 - c) The GLA not agreeing to funds being carried forward into the next financial year. The GLA have continued to emphasise their expectation that all grant monies will be claimed by March 2014. However, they have not ruled out the possibility of approving a carry forward, and provided all projects are committed as at 31st March, as is the intention, this risk would significantly reduce.

7 Head of Legal Services and legal implications

- 7.1 The Head of Legal Services has been consulted with the preparation of this report, and makes the following comments.
- 7.2 This report is seeking approval to award a call-off contract for the Green Lanes shop front refurbishment scheme at 30 properties in the Green Lanes area of the borough to the contractor named in paragraph 3.1 of this report.
- 7.3 The Council's Framework Agreement for the Major Building Construction Works 2010 was procured in accordance with EU Procurement legislation and is compliant with the Public Contract Regulations 2006.
- 7.4 The contractors on the Framework within band A £250,000 to £1,000,000 including the recommended contractor named in paragraph 3.1 of this report, were invited to submit tenders under a mini competition procedure, a process which complies with the Public Contract Regulations 2006.
- 7.5 The Contractor named in paragraph 3.1 of this report was the successful tender in respect of this award.
- 7.6 The value of the proposed contract exceeds £250,000 therefore the award requires the approval of the Cabinet in accordance with CSO 9.07(d).
- 7.7 The shop traders benefiting from this scheme will be required into a contract to enable the contractor to access their premises for works to be undertaken and a 20% contribution of the costs of the works to their premises paid prior to the commencement of works.



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7.8 Under Part 2 Article 7.03 the normal practice is for the Cabinet to carry out all 'executive' functions however, in accordance with Part 4 Section F rule 1.2 the Leader has power to take all 'executive' decisions. Officers have set out at paragraph 4.5 of the report why this decision cannot wait until the next cabinet meeting.

7.9 The Head of Legal Services confirms that there are no legal reasons preventing the Leader from approving the recommendations in this report.

8 Equalities and Community Cohesion Comments

8.1 Policy and Equalities Team have been consulted in the preparation of this report and have commented as follows:

8.2 This award of contract has been subject to a competitive tender process and is in line with the Council's procurement strategy and procedures which are informed by the Council's Equal Opportunities Policy and have equal opportunities considerations at all their key stages.

9 Head of Procurement Comments

9.1 The contractors invited to tender have been selected from the Council's Framework Agreement for Major Building Construction Works 2010, banding value £250,000 to £999,999.

9.2. The tender has been prepared and tendered on a quality/price basis of 60% quality and 40% price and evaluated as the most economically advantageous tender for this award.

9.3 The selected contractor as referenced in paragraph 1.1, represents best value for money for the Council.

10 Policy Implication

10.1 This contract supports the Council's commitment to deliver the project in accordance with the grant agreement with the Greater London Authority (GLA.)

11 Reasons for Decision

11.1 To complete the Green Lanes shop front regeneration scheme in accordance with the grant agreement with the GLA.

11.2 To enhance the immediate environment of Green Lanes and ultimately encourage new businesses and employment to the area.

12 Use of Appendices



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12.1 None.

13 Local Government (Access to Information) Act 1985

List of background documents:

13.1 Framework Agreement for Major Works 2011

13.2 This report contains exempt and non-exempt information. Exempt information is under the following category (identified in amended Schedule 12A of the Local Government Act 1972). S (3) Information relating to financial or business affairs of any particular person (including the authority holding that information).

