

Report for: Cabinet Approval – 18th October 2016
Item number: 24
Title: Social Supermarket Provider – Contract Award



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Ward(s) affected: Northumberland Park

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

1. Describe the issue under consideration

- 1.1 This report seeks approval to award a Concession Contract to the Community Shop C.I.C. (Community Interest Company) to operate a Social Supermarket facility at the Eric Allin Centre on Northumberland Park for a period of up to 10 years.

2. Cabinet Member Introduction

Social Supermarkets have been recognised by the GLA as a positive way of supporting those on low incomes, tackling poor diet and overcoming health inequalities, through the provision of surplus stock being sold at heavily subsidised prices. The structured support and development programme sitting alongside membership aligns with the socio-economic aims of our regeneration programme in Northumberland Park by assisting members to improve their economic and social wellbeing. I am pleased that the GLA recognises our commitment to support existing residents and deliver long lasting positive change across all aspects of the Northumberland Park regeneration programme and has selected Haringey as one of the three pilot boroughs for a social supermarket.

3. Recommendations

- 3.1 That, subject to the condition in paragraph 3.2 being met, Cabinet :
- i. in accordance with CSO 9.06.1(d), approves the award of a Concession Contract to Community Shop C.I.C., for an initial period of 5 years with options to extend for further periods of 3 and 2 years, to set up and operate a Social Supermarket at the Eric Allin Centre in Northumberland Park;
 - ii. approves a budget for this project of £185,000 as an addition to the capital programme, financed by £85,000 from the Council's Housing

Revenue Account (HRA) and £100,000 of grant funding allocated to the Council by the Greater London Authority (GLA) for this project;

- iii. approves provision in the Concession Contract for a payment to Community Shop C.I.C. towards the capital costs of setting up of the Social Supermarket during 2016/17, including building refurbishment and shop fit out works, of a total of £185,000;
 - iv. notes that Community Shop C.I.C. will be required to fund any establishment costs beyond the payment set out in paragraph 3.1(ii);
 - v. approves the grant to Community Shop C.I.C. of a Community Lease for the Eric Allin Centre at a rent of £8,000 per annum;
- 3.2 That Cabinet agrees that the approvals at paragraph 3.1(i), (ii), (iii) and (v) above are conditional on the Council finalising a funding agreement with the GLA for this project, which has been agreed in principle.

4. Reasons for decision

- 4.1 The social supermarket will help to demonstrate to residents of the Northumberland Park estate that the Council is genuinely committed to socio-economic improvements alongside physical regeneration and housing growth. It is a model which enables residents in Northumberland Park who are in receipt of some form of means tested benefit to enter into a six month membership scheme (open to 750 households at any one time). Membership of the social supermarket will include enrolment into a 'success programme' which will help members benefit from the employment and business opportunities that are arising in Northumberland Park both now and through the longer term delivery of the regeneration programme.
- 4.2 In addition, the social supermarket will highlight the benefits of healthy cooking and eating through the provision of cheap healthy groceries and a subsidised canteen serving healthy food. The aim is that through sustained exposure to such dietary and cooking methods, members will be encouraged to switch to making healthier diet choices and help address the health inequalities which currently plague Northumberland Park.
- 4.3 The Eric Allin Centre, occupying half of the ground floor of Kenneth Robbins House on the Northumberland Park estate, was identified as the most suitable location. Prior to 2010 it was a dilapidated community centre in need of significant renovation. It was converted into a showroom and office for the decent homes programme and, with the exception of short term projects like Volunteer It Yourself, has remained empty since the programme ended. Project 2020 opened next door after the Eric Allin Centre ceased to be used as a community centre and many of the previous tenants moved there or found alternative premises. The Council has also provided a Community Hub nearby at 163 Park Lane as part of the regeneration programme. As a result the social supermarket will provide an additional community benefit alongside more traditional community spaces.

5. Alternative options considered

5.1 Do Nothing

The Council could choose not to open a social supermarket, leaving the Eric Allin Centre to remain as an underused building offering very little benefit to the existing community. This option was discounted as it would result in a missed opportunity to provide a service that will benefit a large proportion of residents in the Northumberland Park area. Beyond the initial capital contribution, there is no ongoing financial commitment by the Council and the scheme is in line with the Council's regeneration priorities and is supported (and part funded by) the GLA.

5.2 Negotiate exclusively with Community Shop without a tender process

Community Shop is the only widely known supplier with the capability of providing the wide range of services associated with a social supermarket. It was not known if other suppliers would wish to extend the range of services they offered or other suppliers would form consortiums to offer the range of services associated with the social supermarket. In the absence of specific market intelligence, it was decided not to enter into exclusive negotiations with Community Shop for the provision of the Social Supermarket.

5.3 Preferred option

It was agreed to run a transparent procurement process by issuing an OJEU Notice and competing the opportunity applying EC Treaty principles to identify any potential suppliers that may wish to provide the social supermarket. This approach has provided an opportunity for other respondents to participate if they could offer the range of services for the Social Supermarket. While there was a time impact it demonstrates a commitment to open competition and securing "best value" for the public funding being offered.

6. Background information

6.1 The Northumberland Park ward is recognised as one of the most deprived wards in the country, with a high proportion of residents out of work and on benefits. There is a particularly high concentration of residents falling into this category to the east of the ward, where the Northumberland Park estate is located. The estate is earmarked for significant inward investment through estate renewal, which will see the physical environment of the estate transformed over the next 10 to 20 years.

6.2 Physical regeneration alone will not tackle many of the complex issues that residents on the estate face. As a result of this, a People Programme is being introduced by Haringey Council to run alongside the physical regeneration. The aim of this programme is to address social inequalities through building community resilience to tackle a range of interventions focused around health and wellbeing, jobs and skills, education outcomes and crime and community safety. This is in line with the vision for Tottenham which states that "By the age of twenty, a child born in Tottenham today will have a quality of life and access to the same level of opportunity that is at least equal to the best in London." The social supermarket model provides an opportunity for a flagship project which helps deliver this vision.

- 6.3 Social supermarkets secure high-quality residual food from retail and manufacture supply chains that would otherwise be sent as waste to landfill, but is fit for human consumption. They sell this food to social supermarket members at reduced prices, typically an average of one-third of normal retail prices. Membership is carefully targeted at residents on the lowest incomes and thus at greatest risk of experiencing food poverty and related health issues.
- 6.4 The social supermarket model innovates further by working with local agencies to provide a range of on-site support services to members. These are tailored to members' needs and help them overcome multiple barriers to getting out of poverty. On-site support may include money advice, debt counselling, and courses on healthy eating and cooking on a budget, as well as employability and vocational skills training. Profits in the retail side of the social supermarket (which is typically run as a Community Interest Company) are re-invested in that location to help deliver and develop the range of products and support services provided for members.
- 6.5 Community Shop CIC
- 6.5.1 Community Shop is an established social supermarket provider who operate under the slogan "more than just food." This emphasises that social supermarkets differ from standard high street shops. Their promotional literature explains that "We think people do best when we get a hand up and not a hand out." The marketing material goes on to explain how an integral component of membership (required to purchase items in the supermarket) is signing up to their "success plan" programme.
- 6.5.2 When agreeing their success plan, members focus on what outcome would constitute success for them personally. For some this will be gaining employment, but other examples could include dealing with an unmanageable debt or re-entering education.
- 6.5.3 The Council's Economic Development team is represented on the project team and have started scoping a joint working approach for implementation once the contract is in place. This will help Community Shop establish links with all relevant support services so that the success plan complements the Council's existing employment support services.
- 6.5.4 Through their Retail and Wellbeing Strategy, Community Shop identifies three types of pipeline partners to help deliver their programme. These are referring partners, in-programme partners and exit partners. Their Stakeholder and Local Resident Engagement plan complements this through establishing and maintaining relationships with the partners and other stakeholders, such as local councillors and active community groups. Members also benefit from access to a mentor and peer mentors. A transition programme is in place to help members move away from the social supermarket in a positive way. While six months is the standard membership period, there is scope for extending membership if it significantly increases the likelihood of a successful outcome.
- 6.5.5 Community Shop's members' survey identified that fresh produce, meat and fish were the main food product members visited the store to purchase, with

100% of members rating their experience of Community Shop as excellent or very good.

6.6.1 The GLA is contributing £100K (one third of a £300K pot of equal funding for three local authorities to pilot social supermarkets) for capital costs towards the conversion of the Eric Allin Centre into a fully functioning, self supporting social supermarket. The Council is contributing a further £85k towards these costs. This is the only financial commitment required of the Council as once the supermarket has been fitted out it is a self sustainable operation. A draft agreement with the GLA has been completed but cannot be signed until a partner has been confirmed.

6.6.2 All ongoing revenue related costs are borne by Community Shop, paid for through the mark up on the surplus food they have purchased from large retailers. There are no further financial obligations for the Council or GLA once capital works have been completed.

6.7 Selection and procurement process

6.7.1 Whilst Community Shop are the recognised “market leader” in providing the Social Supermarket facilities, there are other suppliers that operate on simpler models or provide limited operational facilities, that may have been attracted by the public funding to form consortiums or other group arrangements to provide a full Social Supermarket offer.

6.7.2 External legal advice was sought, based on which it was decided that the Council should undertake a procurement process that complies with EU procurement principles. This involved placing a Contract Notice within the Official Journal of the European Union (commonly known as an OJEU Notice) to invite tenders for a concession contract for set up and operation of the social supermarket. This ensured transparency by advertising and competing the opportunity on the open market.

6.7.3 The Invitation to Tender (ITT) and supporting documents were uploaded on Delta (e-tendering portal) where, following a registration process, the potential tenderers could access the tender documents and submit their tenders electronically.

6.7.4 Community Shop was the only supplier to respond to the OJEU Notice by completing the Pre Qualification Questionnaire (PQQ). The PQQ submission met with the Council’s minimum requirements and Community Shop was issued with an Invitation to Tender (ITT).

6.7.5 Community Shop submitted a tender, which was evaluated against the Council’s criteria using a scoring weighting of 80% for quality and 20% for price. The tender evaluation criteria and weightings were set out in the tender documents and clarified during the tendering process. The high weighting on quality reflected the £185k cap on GLA/LBH expenditure, with the ITT laying out

a clear expectation that any bidder will themselves have to bridge any funding gap between the £185k cap and the full cost of refurbishment.

- 6.7.6 The Quality and Price scores obtained by Community Shop's tender submission are both considered by the evaluation team to demonstrate that they are of sufficient competence to deliver the service specification appropriately for at least five years.
- 6.7.7 The tender submission confirmed that 6 FTE posts and 1 apprenticeship would be created through the provision of the social supermarket.
- 6.7.8 The tender submission also committed to delivering a social supermarket model in line with the Council's objectives and with no liability for any additional establishment costs above the Council and GLA contributions.
- 6.8 A quantity surveyor was appointed to provide a schedule for bidders to price against and to assess the tender responses. They confirmed that the proposed works were value for money.
- 6.9 A social supermarket would complement the work in the People Programme by providing a fixed term opportunity for some of the most vulnerable members of society to access heavily subsidised supermarket goods alongside participation in a programme aimed at increasing confidence and employability. The focus is on facilitating an improvement in circumstances as opposed to embedding a dependency culture.
- 6.10.1 It is proposed that the social supermarket contract should be awarded on the proviso that the funding agreement which has been agreed in principle between the GLA and the Council is formally concluded. This agreement will confirm that £100K of GLA grant funding is available to the Council to facilitate the refurbishment of the Eric Allin Centre into a social supermarket.
- 6.10.2 The agreement will only be finalised once Community Shop have demonstrated that they are capable of meeting any funding gap through alternative financial sources. This ensures that there will be no additional funding borne by the Council once the contract is in place other than the £85k capital costs funding payable by Haringey under the contract.
- 6.11 Should the GLA decide to withdraw funding and the project ceases the £85k funding committed by the Council will remain in the HRA for other uses.

7 Implementation

- 7.1 A social supermarket project team was established in January 2016 with representation from the Tottenham regeneration team, economic development, legal services, procurement, property, community engagement, public health, communications and Homes for Haringey.

- 7.2 Once the contract award has been confirmed the project team will oversee the delivery of the social supermarket. A condensed version of the delivery plan is as follows:

| | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 2016 | Project team meet Community Shop and confirm roles and responsibilities for delivery of the social supermarket. |
| | A resident representative is invited to join the project team. |
| | Community Shop confirms all funding is in place for the refurbishment of the Eric Allin Centre. |
| | The funding agreement with the GLA for the release of £100,000 grant funding to Haringey is signed. |
| | Resident engagement, recruitment and marketing campaigns commence. |
| November 2016 | Contract signed with Community Shop |
| | Refurbishment of the Eric Allin Centre begins |
| January 2017 | Refurbishment of the Eric Allin Centre completed. |
| | Community Shop sign the lease for the Eric Allin Centre and the contract to deliver a social supermarket in Northumberland Park for a minimum of five years. |
| | The Northumberland Park Social Supermarket opens. |

8 Performance indicators

- 8.1 A requirement of the GLA funding is for the social supermarket to deliver against key performance indicators. These are a two year target (2017/18 & 2018/19) to allow time to build up to full membership capacity. The indicators have been agreed in principle, alongside Haringey and Community Shop and are as follows:

8.2

| | |
|-------------------------------------------------------------------------------------|-------|
| FTE Jobs Created | 6 |
| Apprenticeships created | 1 |
| Members recruited for Social Supermarket | 1,800 |
| Tonnes of surplus food sold | 200 |
| Members attending training or classes | 1,300 |
| Members moving into employment (within 12 months of joining the social supermarket) | 120 |

- 8.3 The GLA and Haringey will meet regularly with Community Shop to review performance against these targets and put in place action plans where performance is not delivering to a high enough level.
- 8.4 The Council will conduct an annual review to ensure Community Shop have adhered to the contract requirements. Any failure on behalf of Community Shop

to achieve this will be addressed through dialogue and, where appropriate, relevant clauses within the contract.

9 Contribution to strategic outcomes

9.1 The Social supermarket model contributes to a number of strategic outcomes contained within the following priorities:

9.1.1 Priority 2 - Enable all adults to live healthy, long and fulfilling lives

Life expectancy, particularly for males, is significantly lower in Northumberland Park compared to more affluent parts of the borough. While not the only factor, diet is a key component, with an abundance of low cost low quality food available. The social supermarket will provide subsidised healthy food for members through an on site cafe and provide information on how to cook healthy food on a budget so that members can continue to eat healthily once their membership expires. Through the provision of food at significantly reduced prices, the social supermarket will also engage with some of the most socially excluded members of the community. This presents an opportunity to signpost them to support agencies and, through the success programme offered by the social supermarket, help improve confidence and skills which in turn can have a positive impact on health and wellbeing.

9.1.2 Priority 4 - Sustainable Housing, Growth and Employment

The Northumberland Park estate is expected to go through significant physical change over the next fifteen years. It is important that, as well as becoming a great place that attracts new residents and inward investment, the existing community also benefits. By engaging with some of the most socially excluded members of society, the social supermarket presents a fantastic opportunity to help residents take advantage of employment and new business opportunities that will arise from the large volume construction work, increased visitor numbers from the larger stadium and improved transport connectivity.

9.1.3 The social supermarket caters to the most deprived members of the community, supporting people to improve confidence, skills and life chances. It also offers the Council an opportunity to engage with some of the hardest to reach members of the community when undertaking masterplanning and other significant regeneration related activities on the Northumberland Park estate.

10 Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

10.1 Finance

10.1.1 The cost to the Council of this project is capped at £85,000. It has been agreed that this is appropriately funded from the Housing Revenue Account as the project will be for the benefit of residents of the Northumberland Park estate. The Council must ensure that the full funding package is in place, include GLA grant funding and the requisite funding required from the provider before the project can commence and any spend is incurred by the Council.

10.1.2 The rental of £8,000 per year will be an income to the housing revenue account.

10.2 Procurement

10.2.1 The Construction Procurement Group (CPG) has been consulted regarding the procurement process for the supplier to operate the Social Supermarket facility. CPG has supported the development of the OJEU Notice and other procurement documents.

10.2.2 The CPG have no reasons preventing the Cabinet Member from approving the recommendations contained within this report.

10.3 Legal

10.3.1 This report relates to the award of a contract for the set up and operation of a social supermarket which involves initially carrying out refurbishment and outfitting works to make an existing building fit for purpose and the ongoing operation of a retail supermarket combined with a cafeteria on a membership model where certain social welfare support services will also be offered to members.

10.3.2 Legal advice was obtained from external solicitors as to the proper classification of the contract and the required procurement process to be undertaken. The advice was that the arrangement may be classified as a services concession contract which is subject to obligations under EC Treaty principles to advertise and compete the opportunity.

10.3.3 As the Council's procurement for this concession contract was started the month before the Contract Concessions Regulations 2016 came into force in April 2016, it was not subject to those regulations which would have expressly required a procurement under EU rules. No other express requirement for an advertised procurement applied under procurement legislation in force in the UK. Nonetheless, the external advice was that, given the estimated value of the concession, which was worked out as approximately £4.5M over the maximum 10-year contract term, general EC Treaty obligations applied to the procurement of the contract. These required the procurement to be advertised to a sufficient degree to ensure it was opened up to competition and subject to impartial procurement procedures. Voluntarily adopting a standard tender procedure under the Public Contract Regulations 2015 ("PCR 2015") was a practical way of achieving this.

10.3.4 As a result, the Council voluntarily followed the PCR 2015 requirements for a restricted procedure tender of the opportunity as a concession contract. A voluntary OJEU Notice was issued, all tender documents were published and a pre-qualification process was undertaken. Only one supplier, the recommended contractor, responded which met the Council's qualification criteria and was invited to tender. A tender was received and evaluated and the report notes that the scores demonstrated that the supplier could deliver the Council's requirements.

10.3.5 The Council's Contract Standing Orders (CSOs) apply to the approval of the award of the contract. As the concession contract has been estimated, for tender purposes, as valued over £500,000, it is advisable that the decision to award the contract should be treated as a Key Decision. As such it must be

included in the Forward Plan, which has been done and the decision must be taken at Cabinet level in accordance with CSO 9.06.1(d).

10.3.6 The Assistant Director of Corporate Governance confirms that there are no legal reasons preventing Cabinet from approving the recommendations in paragraph 3 of this report.

10.4. Equality

10.4.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- 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.

10.4.2 The proposal aims to benefit those residents that have the lowest incomes through providing access to discounted food and beverages. The Northumberland Park Residents Association, representing residents living nearby, have been consulted about the initiative and have shown strong support. The Council are committed to further consult and publicise with a full range of groups once approval for the initiative has been given, taking in the diversity of the local area.

10.4.3 The social supermarket initiative will occupy a community centre site that is currently empty, and so the plans would not disrupt any existing community activities being run in the area.

10.4.4 The criteria and specifications that have been used in commissioning a contracted provider have been based on the Greater London Authority's (GLA) definition of a social supermarket. The contracted provider will be required to demonstrate a strong commitment to equality and fairness in its actions and adherence to the Equalities Act 2010, including having in place a company equal opportunities policy. The Council will hold regular contract review meetings jointly with the GLA to ensure that the provider will deliver on these requirements.

11 Use of Appendices

N/A

12 Local Government (Access to Information) Act 1985

N/A