

Report for: Cabinet Member Signing at Wood Green Civic Centre on Tuesday 27th of June at 4.00pm until 4.30pm

Item number: 4

Title: Award of Services Concession Contract for Wood Green Works at 40 Cumberland Road

Report authorised by: Helen Fisher, Director of Regeneration

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Ward(s) affected: Woodside

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

1. Describe the issue under consideration

1.1. This report seeks approval to award a Service Concession Contract to NWES Property Services Ltd to carry out a meanwhile use project to be known as Wood Green Works at 40 Cumberland Road for the period up to 8 September 2021.

2. Cabinet Member Introduction

- 2.1. The proposals for transforming part of 40 Cumberland Road into interim business incubator workspace is the third phase of the Wood Green Meanwhile Campus project, part of the Wood Green Regeneration Programme.
- 2.2. The Greater London Authority (GLA) is supporting the project through the London Regeneration Fund, which will finance the refurbishment and fit out of the new workspace, and the Council is providing £97,500 in kind [rent subsidy] funding by allowing part of the workspace to be leased at a peppercorn rent to support business incubation.
- 2.3. Wood Green Works will support a step change in the employment space offer in Wood Green and help facilitate an increase in employment opportunities across a range of sectors in line with the Council's emerging regeneration plans for Wood Green and the Haringey Economic Development and Growth Strategy. It signals the regeneration to come, provides flexible and affordable workspace and generates employment opportunities.

3. Recommendations

3.1. That the Cabinet Member for Economic Development, Social Inclusion and Sustainability notes that the Council has secured funding from the GLA London

Regeneration Fund in order to part fund the transformation of 40 Cumberland Road into a meanwhile use workspace;

3.2. That the Cabinet Member:

- (a) in accordance with Contract Standing Order 9.07.1(d), awards to NWES Property Services Ltd a Service Concession Contract for design, construction and management services for the operation of the meanwhile use workspace at 40 Cumberland Road, to be called Wood Green Works, for the period ending 8 Sept 2021;
- (b) notes that it has been agreed by the Council to grant NWES Property Services Ltd a sub-lease of 2 floors of the building at 40 Cumberland Road for the period ending 8 Sept. 2021 under which total rent of £450,000 and service charges of £256,281 will be payable;
- (c) approves provision in the Service Concession Contract for the Council:
 - (i) to pay NWES Property Services Ltd a contribution of £220,000 towards the refurbishment of 40 Cumberland Road (including capital works; mechanical & engineering services; decorating and supplying furniture and fittings for shared areas, reception, meeting room, exhibition space and communal lounge), and
 - (ii) to provide NWES Property Services Ltd a rent subsidy worth £97,500 for part of the building at 40 Cumberland Road for two years.

4. Reasons for decision

- 4.1. The decision to tender the opportunity for a meanwhile operator to manage two floors of 40 Cumberland Road was made after an options appraisal was done within the Regeneration Service.
- 4.2. The council has carried out an Open procurement procedure to maximise market interest. Four tender responses were received and the recommendation of the tender evaluation team is that the Service Concession Contract be awarded to NWES Property Services Ltd because they scored the highest overall score.
- 4.3. Wood Green Works is one of several activities in the Wood Green Regeneration Programme and supports the delivery of a range of priorities for the council. It is the third phase of the Wood Green Meanwhile Campus project relating to council-owned buildings along Station Road which are available on a meanwhile basis, pending major redevelopment of the site as a whole within the next 5-10 years.
- 4.4. The aim is to deliver a range of projects to test different types of employment offer and also to bring back into active use vacant council-owned buildings and spaces to transform Station Road from a gloomy transport corridor into a busy, attractive and clear route from the High Road through to the Cultural Quarter and Alexandra Palace and Park.

- 4.5. Wood Green Works will be a hub of commercial activity aimed at small enterprises and entrepreneurs combining flexible and affordable workspaces, co-working, training rooms and creative spaces aimed at entrepreneurs, start up companies, creative practitioners and related disciplines.
- 4.6. The scheme will be delivered at no capital cost to the council as Haringey made a successful bid to the GLA for a London Regeneration Fund grant of £280,000 to support this project. Of this grant, £220,000 will be allocated by the Council to the operator to deliver the building works.

5. Alternative options considered

- 5.1. The head lease of 40 Cumberland Road was purchased by Haringey in 2016. When the property came into the council's possession several different uses were considered for the building including leaving it vacant, using it for council offices or letting it on the open market.
- 5.2. During this time the council was also considering options to relocate Young Adult Services (YAS) from the PDC to Wood Green, potentially to the ground floor of the same property.
- 5.3. A number of option appraisals were carried out by Regeneration in discussion with Property Services which considered a number of different opportunities and constraints including:
 - The need to relocate YAS, who could either be located on the ground floor of Cumberland Road or in 5 River Park Road (Tulip House);
 - The opportunity to allocate some space within the building for co working/ incubator space;
 - The opportunity to secure a rental income: a range of rents were modelled from £9psf to £14psf (not including service charge and rates);
 - The opportunity to lever in funding from the GLA through the London Regeneration Fund in return for a rent subsidy;
 - All options included Collage Arts taking two floors at a discounted rent plus service charges as this negotiation was already underway.
- 5.4. The options appraisal was carried out in July 2016. The preferred option was one where YAS was relocated in the ground floor of 40 Cumberland Road and a procurement exercise was undertaken to maximise the market interest for the remaining available floors.
- 5.5. It was agreed that the scheme was strategically important in that it would help the council to achieve its wider economic vision for Wood Green and so the scheme would achieve a balance of rental income and regeneration outputs (training and business support).

Do Nothing option

- 5.6. If the building were to remain empty with council services being delivered from the ground floor and the remaining floors used as storage (i.e. the do nothing

option) this would cost Haringey circa £250,000 each year in maintenance costs and business rates. This would also have meant that the council was unable to test the provision of incubator co-working space and also not deliver much needed workspace and business incubation in Wood Green.

6. Background information

Regeneration in Wood Green

- 6.1. Wood Green is the second major regeneration priority area in Haringey's Corporate Plan and will be an Opportunity Area in the next London Plan. The "Wood Green Area Action Plan Regulation 18 Jan 2017 Consultation Draft" (the AAP) sets out a framework for delivering 4,000 new jobs and 7,700 new homes. Alongside the AAP, an Investment Framework is also being developed which will help to co-ordinate the delivery, phasing and funding of investments across the Wood Green area.

Employment in Wood Green

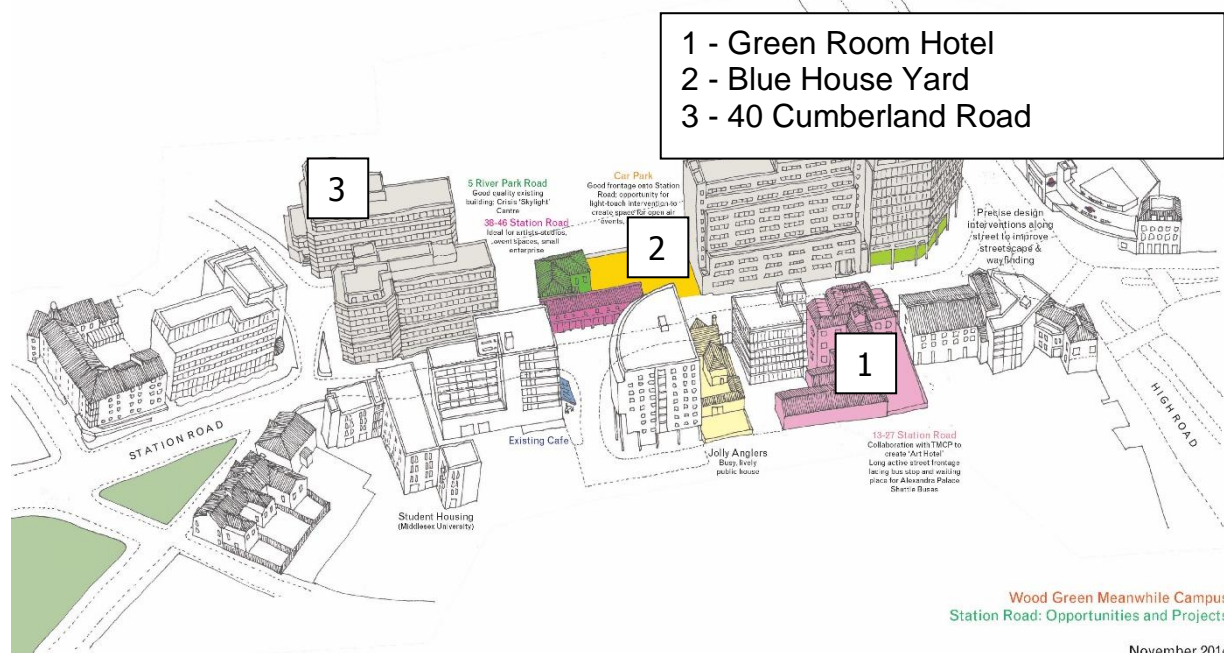
- 6.2. Wood Green's ambitious employment target needs to be delivered across a range of sectors and skill levels. [Haringey's Economic Growth and Development Strategy](#) seeks to invest in job creation within the borough and to capitalise on the growing demand for affordable workspace and rising costs in central and east London.
- 6.3. The Haringey [Employment Land Use Study](#) (Atkins, February 2015) provides an assessment of the likely demand for employment land. There is a forecasted increase in demand for B1a/b/c uses in the period to 2031. The emerging Wood Green Employment Land & Workspace Study (DTZ) study anticipates that co-working, start-up and grow on space is the type of space that will be in most in demand.
- 6.4. DTZ are clear that the marketing of new SME workspace is key to it being successful. In order to understand how that marketing should be positioned, a test project such as those proposed in the Meanwhile Campus is critical to help us understand how different uses and sectors can thrive. These projects also help the council to build up a client base for new employment space which is delivered in the new plan.

Affordability of workspace

- 6.5. For start up businesses or entrepreneurs testing new project ideas affordability is key. As artists and creative practitioners are increasingly priced out of workspaces in other parts of London, new affordable provision in Wood Green can be made available to meet this demand. Making available an underused council building, applying capital to fit out premises and through our sourcing of external funding, this project will enable flexible and affordable space to be made available.

Meanwhile Campus

- 6.6. Part of the Wood Green programme is a number of Town Centre activities including the establishment of a Business Improvement District and the development and delivery of a Meanwhile Campus at Station Road.
- 6.7. The Wood Green Meanwhile Campus is an important part of delivering economic growth. The Campus comprises council owned buildings along Station Road which are available on a meanwhile basis, pending major redevelopment of the site as a whole within the next 5-10 years.
- 6.8. The purpose is to deliver a series of projects in a risk free environment which will support a step change in the employment space offer and facilitate an increase in employment opportunities across a range of sectors.
- 6.9. There are two key objectives:
1. Deliver a pipeline of temporary spaces and test projects with a range of employment, training and business support opportunities allowing individuals, organisations and the council to better understand the requirements for successful job creation and
 2. To generate interest and positive press and PR and “put Wood Green on the map”, this will help to attract inward investment, external funding and positively influence location decisions for businesses aiming to expand within or relocate to Wood Green.
- 6.10. The first two phases of the Meanwhile Campus are already in delivery – Green Rooms Hotel launched in 2016; and Blue House Yard (Station Road Car Park and 5 River Park Road (RPR)) is due to be launched in June 2017. The project at 40 Cumberland Road (to be called Wood Green Works) is the third phase.



London Regeneration Fund

6.11. Haringey has made a successful bid to the GLA’s London Regeneration Fund for £280,000 to support this project. The GLA funding agreement has been made on

the basis that Haringey will provide in kind funding in the form of a rent subsidy worth £97,500 for part of the building for two years so that it can be operated as co-working space for start ups and incubator businesses offering training and business support. This in kind funding was approved by the Council's section 151 Officer (Chief Finance Officer) in July 2016.

6.12. The capital funding will be used to deliver mechanical & engineering services; decoration and the supply of furniture and fittings for shared areas, reception, meeting room, exhibition space and communal lounge; upgrading the card entry security system; installation of superfast broadband and additional bike storage. Funding of £220,000 will be allocated to the workspace operator and the balance of the GLA grant will be retained by Haringey to meet the costs of building refurbishment undertaken directly by the Council.

Project Outputs

6.13. The Project Brief issued to bidders in the tender of the proposed concession contract included identification of the need for the project, and a series of project outputs, agreed with GLA, against which the workspace operator will be monitored during the contract.

6.14. The identified need is for:

- Developing a vision and outline conceptual design & identity for the meanwhile usages of the Property.
- Alteration and refurbishment of the Property.
- Management of communal meeting space, meeting rooms, reception and curating a programme of events for occupants of the building.
- Supporting and developing a minimum of 60 start-up and small enterprises within Wood Green Works to become commercially sustainable and enable growth.
- Contributing to the Council's Economic Development and Growth Strategy through supporting growth in the technology, green and fashion sectors.
- Delivering the Project Outputs below.

6.15. Project Outputs required of the workspace operator are as follows:

1. Outline design and cost plan
2. Detailed design and cost plan
3. Production Information for tender, including pre-tender estimate
4. Contractor procurement
5. Construction works programme: Refurbishment and fit-out to enable flexible workspace and space for creative microenterprises, purchase of equipment, Installation of Broadband & Telephony services,
6. 2 floors (of the building at 40 Cumberland Road) improved
7. 10 new and permanent jobs created
8. 2 floors (of the building at 40 Cumberland Road) of commercial (work)space created, improved, or secured

9. 60 businesses supported and 360 hours of business support (advice, access to funding, attendance at seminars/ workshops)
10. 4 cultural or other public events (e.g. launch, exhibitions, workshops, Open House)
11. Operational Management of Wood Green Works to include:
 - Management of Workspace including lettings, facilities management, on-going marketing of workspace, management of reception, exhibition space (Description: Recruitment of Workspace Manager, lettings activity, compliance with regulatory processes (Fire/H&S), Facilities Management, curating a programme of events)
 - letting of space to a minimum of 60 microenterprises, entrepreneurs, and self-employed people and
 - production of cash flow forecast as part of a business plan
12. Marketing, Launch, Events: Design of a simple but effective identity for the site as a whole
13. Develop Employment Toolkit to inform future development activity in Wood Green Works.

40 Cumberland Road Tenants

- 6.16. 40 Cumberland Road is a multi tenant building which will require complex access and management arrangements. The Young Adult Service (YAS) is due to move into the ground floor of the building in late 2017. There are meeting rooms on the ground floor which will continue to be used by Children's Services for meetings with Service Users (LAC + others).
- 6.17. Third and Fourth Floors are leased to Collage Arts who sublet the building to a variety of tenants from creative and arts background.
- 6.18. The Council's Corporate Landlord team are coordinating a whole building risk assessment, coordinating the risk assessments of all of the tenant and council services using the building

Procurement Process

- 6.19. The procurement strategy for the creation of the Services Concession Contract was to ensure that sufficient suitably qualified specialist Service Providers were given the opportunity to tender to meet the Project Brief. It was decided to adopt the Open tender procedure to maximise market interest. The Open procedure allows an unlimited number of Service Providers to tender for the requirement. It is a straightforward and transparent procurement procedure but can attract a large number of potential bidders. Four tender responses were received by the due date/time and these were evaluated.
- 6.20. Quality of the tender responses accounted for 70% of the final score and pricing (in the form of a rent figure payable by the Service Provider to the Council for the duration of the Contract) formed 30% of the final score. The evaluation method was devised with a view to determining a clear order of merit from a combined quality and pricing point of view.

6.21. The evaluation process resulted in the identification of the tender which represents the most economically advantageous tender in accordance with the pre-determined criteria set out in the procurement documents. Tender proposals were subsequently clarified with the bidders to ensure that the Council had a full understanding of their proposals. The post tender clarification process did not affect the outcome of the evaluation process.

6.22. The overall scores were as follows:

Ranking	Bidder	Rent Figure	Pricing Score (Percentage)	Quality Score	Quality Score (Percentage)	Total Score (Percentage)
1	Nwes Property Services Ltd	£450,000.00	28.96%	83.0	58.1%	87.06%
2	Bidder X	£466,230.00	30.00%	43.0	30.1%	60.10%
3	Bidder Y	£416,026.00	26.77%	35.0	24.5%	51.27%
4	Bidder Z	£57,300.00	3.69%	66.0	51.27%	49.89%

7. Contribution to strategic outcomes

7.1. This project contributes directly to Corporate Priority 4 in that it acts as a catalyst for the wider growth and regeneration of Wood Green town centre and Station Road in particular.

7.2. The proposal aligns with our emerging regeneration plans for Wood Green and with our Economic Development and Growth Strategy in that it signals the regeneration to come, provides flexible and affordable workspace and generates employment opportunities.

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

Finance:

8.1. This report seeks Cabinet Member's approval to award a concession contract for design, construction and management services for the operation of meanwhile use workspace to Nwes Property Services Limited.

8.2. Nwes Property Services Limited was chosen after tenders from four providers were carefully evaluated in accordance with the council's procurement rules.

- 8.3. The table in 6.22 above shows that Nwes had the highest score through the evaluation process centred on price and quality.
- 8.4. The Council will provide funding of £220,000, from the GLA's London Regeneration Fund, towards the refurbishment costs.
- 8.5. To meet the requirement of the grant, the Council will provide in kind funding in the form of a rent subsidy worth £97,500 for part of the building for two years.
- 8.6. The council will receive £450,000 in rent and £256,281 in service charges for the entire period of the lease.
- 8.7. There is no further foreseen financial implication on the council during the period of the lease.

Procurement: Commercial Business Partner

- 8.8. Strategic Procurement worked with the Project Team and Legal Services to develop and implement in accordance with the Public Contracts Regulations 2015 the agreed strategy for the procurement of a Services Concession Contract which is the most suitable contract strategy for the provision of the services required.
- 8.9. Following completion of the tendering exercise, Strategic Procurement support the recommendation that the contract be awarded to Nwes Property Services Ltd who scored the highest overall score in the competition by a clear margin and their offer represents the most economically advantageous tender in accordance with the pre-determined criteria.

Legal

- 8.10. This report relates to the award of a service concession contract for the development and operation of a meanwhile use workspace.
- 8.11. Given the pre-tender estimate of the value of this contract for tender purposes, calculated in accordance with Contract Standing Order (CSO) 6.04 and the related reg. 9 of the Public Contract Regulations 2016, the contract was not subject to the EU tender regime. But it was required to be tendered locally under CSOs. As a result, a tender was carried out and it is now proposed to award the contract to the tenderer that submitted the most economically advantageous tender.
- 8.12. As the value of the concession contract was estimated for tender purposes as 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 9.07.1(d).
- 8.13. 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.

Equality

- 8.14. 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
- 8.15. As part of the procurement for the workspace operator, the bidder recommended for the contract award, NWES, confirmed:
- That the sub-consultant/contractor complies with all relevant equalities legislation including (but not limited to) the Equalities Act 2010
 - They further agree to make available to officers such facilities and information as might be required by them to monitor by personal inspection the organisation's performance and compliance with the Employer's criteria of the sub Consultants/Contractors listed above.
- 8.16. Equalities considerations have been factored into the selection of the building as workspace, and therefore wheelchair facilities were confirmed early on, with lift and ramp access, as well as wheelchair toilet provision.
- 8.17. The council's Equality Impact Assessment Screening Tool has been carried out and the proposal is likely to have no/minimal impact on groups that share the protected characteristics or other disadvantaged groups
- 8.18. A full EQIA will be carried out for the Wood Green Investment Framework, which covers this site. Therefore more details will be available in the coming months.

9. Use of Appendices

N/A

10. Local Government (Access to Information) Act 1985

10.1 Background documents:

The following documents were used in the preparation of this report:

- [Haringey Economic Development and Growth Strategy](#),
- Haringey [Employment Land Use Study](#), Atkins, February 2015
- [Wood Green "Preferred Option" Reg 18 Area Action Plan, Cabinet Jan 2017](#)
- [Soundings Consultation Report](#), Jan 2016
- [Wood Green AAP Issues and Options Report](#), Cabinet Jan 2015

- [Decision Making Report – Wood Green Investment Framework & Area Action Plan](#) (Approval to January Cabinet, 30th October 2015).
- [Cabinet Paper - An Investment Framework for Wood Green](#), 14th October 2014.

10.2 This report contains exempt and non exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is under the following categories (identified in amended schedule 12 A of the Local Government Act 1972 (3)):

(3) Information in relation to financial or the business affairs of any particular person (including the authority holding that information).