

# MUNICIPAL YEAR 2017/18 – REPORT NO.

DATE: 13 July 2017

Delegated Authority Report of:

Executive Director of Finance,  
Resources and Customer  
Services.

Agenda Part: 1	Item
<b>Montagu Industrial Estate Redevelopment Selection of JV Development Partner</b> <b>WARD: Edmonton Green</b> KD 4357	
<b>Cabinet Members consulted:</b> Councillors Sitkin and Lemonides	

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## 1. EXECUTIVE SUMMARY

- 1.1 In September 2016, Cabinet approved (KD 4357) the redevelopment of the Montagu Industrial Estate to help maximise employment opportunities, to secure wider economic and social regeneration, to provide buildings that meet the demands of modern business, and to improve revenue for the Council.
- 1.2 Cabinet approved the use of the Council's property assets as an equity stake in a joint venture to be set up with a specialist developer (to be selected through a formal bidding process), and delegated authority to the Executive Director of Finance, Resources and Customer Services, in consultation with the Cabinet Member for Finance and Efficiency, and the Cabinet Member for Economic Regeneration and Business Development, to transfer these assets into the joint venture as and when required.
- 1.3 This report sets out the procurement and evaluation process which has been undertaken, leading to the selection of the preferred bidder. Subject to approval, the intention is to enter into negotiations to agree terms with the selected bidder and establish a Joint Venture (JV) partnership to secure redevelopment of the Estate.

## 2. RECOMMENDATION

It is recommended:

- that the that the Executive Director of Finance, Resources and Customer Services selects bidder A as the JV development partner
- negotiations and discussions proceed with bidder A to enter into the joint venture LLP and finalise the terms of the Members Agreement, Strategic Land Agreement and other related documents
- the Council's Acting Assistant Director Legal and Governance Services is

authorised to enter into the Members Agreement, Strategic Land agreement and other related documents

- the full Council approves the appointment of the Executive Director of Finance, Resources and Customer Services and the Assistant Director of Property Services to the SPV

### **3. BACKGROUND**

3.1 The Council currently owns 18.3 acres (approximately 66%) of the Montagu Industrial Estate, which is held for investment purposes. Rental income is approximately £1m per annum.

3.2 The estate neither meets modern business needs nor provides the type and quality of buildings or services that maximise employment opportunity and value. Through redevelopment the Council seeks to:

- maximise higher value employment opportunities and secure wider economic and social regeneration benefits;
- provide new and sustainable accommodation for employment based users that matches market requirements;
- create a new fit for purpose estate that minimises environmental impacts on neighbouring residents;
- generate revenue funds to reinvest in Council services;
- support existing businesses on the estate by offering new accommodation and occupational terms that allow the efficient trading up/trading down on the estate as their accommodation needs change.

3.3 Cabinet approved a delivery strategy with a JV partner (property company or investor), to be selected through a procurement and evaluation process. The JV partner to bring resources and expertise (directly or indirectly) to the project, and to provide immediate development capabilities and longer term asset management skills.

3.4 The Montagu development opportunity (branded Montagu 406) was marketed by the Council's property consultants, Lambert Smith Hampton (LSH), in the property press and by direct circulation of details to potentially interested parties. The location and scale of the development opportunity attracted considerable market interest and the official launch in late 2016 was well attended from across the property sector. Interested parties were invited to submit Stage 1 submissions for joint evaluation by the project consultant team (LSH, Browne Jacobson and Grant Thornton) and Council officers from various disciplines.

### **4. EVALUATION PROCESS AND SELECTION OF PREFERRED BIDDER**

4.1 Stage 1 submissions (to identify suitable candidates) were received, and responded to the following questions, intended to focus on the candidates experience in specific key areas and weighted as show in the following table:

Question	Experience	Weighting
Case Studies	2 employment led case studies	15%
Question 1	Creating employment opportunities	20%
Question 2	Long term asset management	20%
Question 3	Maximising revenue	30%
Question 4	Public sector partnering	10%
Question 5	Adding value and applying to Montagu	5%
		100%

- 4.2 Following evaluation of the Stage 1 submissions, in February 2017 four parties (Bidders A, B, C and D) were invited to progress to Stage 2 of the evaluation. All four parties were provided with access to the Stage 2 Invitation document, due diligence and other site and associated information held in the online 'dataroom' set up by LSH.
- 4.3 Through the process, two bidders (Bidders C and D) withdrew and in May 2017, two Stage 2 submissions (Bidders A and B) were received. The Stage 2 Invitation document details the selection criteria and weighting (in percentages) which are summarised in the table below:

Confirmation of minimum level net revenue provided : 10%	Main Elements of Bid Submissions		
	Quality : 35%	Financial : 35%	Commercial : 20%
<b>Pass / Fail</b> Once proposal has passed, it will be evaluated based on timing and risk.	<b>A: Resources :10%</b>	<b>A:Phase 1 Projected Authority Returns and Credibility : 50%</b>	<b>A:Members' Agreement : 50%</b>
	<b>B: Strategic Planning and Vision : 20%</b>	<b>B:Funding Deliverability : 20%</b>	<b>B: Strategic Land Agreement : 30%</b>
	<b>C: Deliverability and Risk : 20%</b>	<b>C: Bidder Financial Returns : 30%</b>	<b>C: Development and Asset Management : 20%</b>
	<b>D: Social, Economic and Employment : 10%</b>		
	<b>E: Asset Management : 15%</b>		
	<b>F: Phase 1 Design : 25%</b>		

4.4 The Stage 2 evaluation process is divided into five steps:

- **Step 1:** A Pass/Fail Stage based on the minimum level of net revenue
- **Step 2:** A qualitative assessment of the minimum level of net revenue proposal for those bids that passed the above
- **Step 3:** A qualitative assessment of the quality submission requirements (Annex 5)
- **Step 4:** An assessment of the financial model and template and financial submission requirements
- **Step 5:** An assessment of commercial terms / marked up Heads of Terms

4.5 In early June 2017, a moderation meeting (Council officers and members of the consultant team) was held with a focus on the Quality and Commercial sections of the submissions. The Financial section of the submissions (including the Minimum Rent Guarantee) required further clarification sessions with both bidders and Grant Thornton and the Council's finance team had a further session (23<sup>rd</sup> June) to review and verify scoring. A review of the scoring and discussion was held by the Evaluation Panel on the 26<sup>th</sup> June. This resulted in a requirement for further clarifications from bidders. The Evaluation Panel discussed the outcome of the responses on the 28<sup>th</sup> June and a final moderation session with a focus on Financial and Commercial was held on the 29<sup>th</sup> June.

4.6 On the 6<sup>th</sup> July 2017, the Montagu 406 Project Board approved the selection of Bidder A as preferred development partner for the Montagu Industrial Estate.

## **5 REASONS FOR RECOMMENDATIONS**

5.1 Cabinet approved (KD 4357) the procurement of a joint venture partner to progress a comprehensive phased redevelopment of the MIE with the Council. Following a detailed and thorough evaluation of the submissions of competing bidders, a preferred JV development partner has been selected.

5.2 The benefits of redevelopment are summarised in the original Cabinet report, viz:

- Higher demand, rental income/growth, further enhanced by capital growth;
- Accommodation that matches demand requirements;
- Generation of higher business rates to benefit Council income;
- Job creation and related benefits for the local labour force;
- Better environmental conditions, including relationship between industrial uses and nearby residential.

5.3 The preferred bidder (Bidder A) has satisfied the stringent requirements of the procurement process and met all the criteria in the robust and detailed evaluation assessment.

## **6. KEY RISKS**

6.1 A project of this scale has numerous potential risks, which are set out in original Cabinet report in September 2016 and remain fundamentally unchanged.

6.2 These potential risks will need to be closely monitored and managed. The risk monitoring and management will be the primary responsibility of the project team

and specifically the project manager. Significant risks and issues will be escalated to the Asset Performance Group and CMB / Cabinet by exception. Risk monitoring, management and reporting procedures may well change with the setting up of the JV limited liability partnership (LLP), and further updates will be provided as and when any changes are set in train.

## **7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

### **7.1 Financial Implications**

7.1.1 See Part 2.

### **7.2 Legal Implications**

7.2.1 See Part 2.

### **7.3 Property Implications**

7.3.1 See Part 2.

## **8. PERFORMANCE MANAGEMENT IMPLICATIONS**

8.1 The project is managed by Strategic Property Services, with a project team of consultants as outlined above, together with guidance and input from Council officers from various disciplines. Once the JV partnership is established, the precise nature of the project team and reporting procedures is likely to change, and this is proposed to be the subject of a separate report.

8.2 The establishment of a JV partnership will require officers to be appointed as Directors on the newly established company's management board. It is proposed that these roles will be undertaken by officers of the Council, notably the Executive Director of Finance and the Assistant Director of Property Services. These positions will not be remunerated, but that appropriate costs, such as insurance liabilities and travel expenses will be covered by the Council.

## **9. EQUALITIES IMPACT ASSESSMENT**

9.1 An equalities impact assessment will be undertaken as part of the masterplanning exercise, which will be the responsibility of the JV and will be managed by the JV partner. A strategic assessment has indicated that the redevelopment of the Montagu Estate could well result in the temporary or permanent extinguishment of businesses currently located on the Estate. These extinguishments will therefore need to be sensitively treated and will need to be dealt with in accordance with the appropriate legislation.

9.2 Equality issues have been included in the procurement process, and the selection process seeks to ensure that any JV development partner will adhere with the Council's policies in this regard.

## **10. HR IMPLICATIONS**

- 10.1 Delivering this project together with various other projects in the pipeline will require additional resources. However, one of the purposes and benefits of establishing a JV arrangement is for the developer partner to provide the skills and expertise and other input to move the redevelopment forward, and achieve rapid results.

## **11. PUBLIC HEALTH IMPLICATIONS**

- 11.1 The Montagu Industrial Estate suffers from high levels of pollution and ground contamination due to the activities undertaken by certain businesses currently located on the Estate. The redevelopment of the Estate will consequently have a positive impact on the environment, surrounding residents and the estate's new workforce.
- 11.2 Many of the current structures on the estate have asbestos containing materials. As a result, appropriate investigations will need to be undertaken prior to any demolition.
- 11.3 The Management of Health & Safety at Work Regulations (HWSA) 1999 requires employers to manage health and safety by assessing risk. The main reason for conducting risk assessments is to ensure that adequate consideration is given to things that can go wrong. Adequate risk assessments are therefore fundamental for ensuring the effective management of Health & Safety Risks. Under the Managements of Safety Work Regulations 1999 ( MWHSR) regulation 7, the Council as an employer will need to appoint one or more competent persons to assist in undertaking the measures required for compliance, factoring in at all times the prohibitions imposed by legislation.
- 11.4 The Joint Venture will become the principal client for the purposes of the CDM regulations. This will however be managed by the JV development partner.

## **12. IMPACT ON COUNCIL PRIORITIES**

### **12.1 Fairness for All**

The proposed redevelopment of this site will significantly enhance the working environment of the estate's workforce. It will also have a positive impact on the surrounding neighbouring residents, particularly those residing on the estates boundary, as the built environment will significantly improve and relate better to adjacent residential units.

The uses will significantly improve can provide additional accommodation to a much higher standard. There will also be an increase in the supply of much needed new housing for different tenures and income levels.

### **12.2 Growth and Sustainability**

The proposed redevelopment will provide a greater range of commercial employment use space. This will allow SMEs to be provided with suitable accommodation within the borough and also permit business to expand or shrink as required.

The provision of new commercial space has the potential to attract new businesses in a range of formats in modern buildings. The retention of employment use space at Montagu will also benefit the borough's workforce by providing job opportunities in close proximity to where they live.

### **12.3 Strong Communities**

Local residents, businesses and key stakeholders within and in close proximity to the Estate will be consulted about the scheme.

A significant economic multiplier effect is envisaged, and it is estimated that about 2500 jobs could be created and safeguarded by the development, and it would generate around £4m of business rates annually.



## MUNICIPAL YEAR 2017/2018 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Executive Director –  
Regeneration and  
Environment

Agenda – Part: 1	KD Num: 4536
Subject: Shared Service Opportunities - Enfield Public Safety Centre	
Wards: All	

Contact officer and telephone number: Nicky Fiedler ex 2016

E mail: [nicky.fiedler@enfield.gov.uk](mailto:nicky.fiedler@enfield.gov.uk)

### 1. EXECUTIVE SUMMARY

- 1.1 Enfield Council's Public Safety Centre (EPSC) operates 24/7 to help deliver a safer environment for the residents of Enfield. Whilst the service is not statutory, improving safety of residents is a high priority for the council.
- 1.2 The EPSC team help the police and other authorities with around 18,000 incidents a year, including the tracking of stolen vehicles, missing people and gang related crime in the Borough.
- 1.3 The EPSC centre is state of the art and has the capacity to share services in partnership with other boroughs as well as to offer a wide variety services to potential public and private sector clients.

### 2. RECOMMENDATIONS

- 2.1 To approve the business case as set out in appendix 1 of Part 2 of this Report
- 2.2 To delegate to the Assistant Director – Commercial, to agree new partnerships with other boroughs and service contracts in accordance with the business case in consultation with representatives of Director of Finance, Resources and Customer Services.

### **3. BACKGROUND**

- 3.1 The Enfield Public Safety Centre (EPSC) control room based on the Claverings Estate in Edmonton has been operating since the end of 2002, it was designed as a purpose built high security control room facility funded largely with Enfield's successful Home Office CCTV bid submission of approx. £1.2M and was built with the intention to work in partnership with other boroughs in sharing services as well as future capacity to accommodate other services with other public or private sector clients or partners as needed from this state of the art facility across London.
- 3.2 The Centre is now fully certified to the highest commercial and operational standards in both Public CCTV, Intruder Alarms and Lone Worker services, and also holds the Surveillance Camera Code kite mark of operational compliance with recent legislation.
- 3.3 Since its initial start in 2002 with just three CCTV cameras in Enfield Town for parking enforcement, the system has grown into a multi-functional control centre covering most of the borough with over 300 public street cameras in housing estates and on main highways and operating 24/7. In addition, it protects many civic buildings and depots with CCTV and alarm monitoring and manages over 350 staff using the Council's Lone Worker system.
- 3.4 By utilising technological advances and a diverse security services contract the centre currently provides:
  1. Lone Worker Alarm service
  2. Public CCTV
  3. Intruder Alarm Services
  4. ANPR (automated Number Plate Reading) operational service linked to the MPS.
- 3.5 However, the centre is capable and able to provide other security and safety services which is the basis of this report.
- 3.6 The experienced CCTV team is set up to work with other boroughs and can currently offer a variety of levels of service or partnership to suit potential needs ranging from; the rental of the control room, through to a full CCTV shared service in accordance with the Data Protection Act (1998).
- 3.7 The control centre has capacity in its current format to work with other boroughs to meet their CCTV service needs within the existing building without compromising the Council's current and future requirements. This report presents a business case to progress this work. However, beyond this it should be noted that there is also capacity on the site to extend the building, both a ground-floor to one side of the building and

to build further floors on top of the current single storey building, for future phases of work.

- 3.8 To bring forward a robust business case on the potential commercial opportunities for the EPSC centre, officers in partnership with Ernst and Young (EY) have carried out an options appraisal. This is set out in the Part 2 Report. 12 potential partners or services users were identified and assessed against the 6 suitability criteria. The options were then ranked 1 to 5. 1 being the most desirable to progress
- 3.9 This business case incorporates the highest (1) ranked services of:
- Full CCTV control room partnership/ shared service (excluding camera network)
  - Full CCTV control room partnership/ shared service (including camera network)
- 3.10 The services ranked 2, 3, 4 and 5 will be revisited in a subsequent business case.

### **Proposal**

- 3.11 This report recommends progressing a shared service model with other boroughs and in a future report service delivery with other public and private sector clients.

Phase 1 (the subject of this report)- seeking partnerships with other boroughs on shared CCTV services to approximately 5-6 primarily public sector organisations, utilising the current capacity of the building to achieve a break-even position on the council's service.

*Phase 2 (for a subsequent report) - upon proven success of Phase1, to bring forward a further business case seeking investment to extend the building to provide capacity to bring in additional clients both public and private.*

- 3.12 Section 3 (Financials) of the business case reviews the current financial position of the EPSC and concludes that the service currently operates at a net £800k cost to the council.
- 3.13 Section 4 (Service Offering) of the business case sets out the service offer in phase 1 for the public sector EPSC shared / partnership services.
- 3.14 Section 5 of the business case sets out how the council would seek to share the costs of the service based on the current set up, equipment usage, rent, running costs and operational staff. The total shared service model is for illustration only and shows it is dependant on the number and type of cameras.

- 3.15 Section 6 of the business case covers how officer will approach and seek to identify likely partners via an analysis of the London boroughs and likely levels of interest.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 To continue to operate the CCTV centre with the existing customer base and at a cost of £800k per annum.
- 4.2 To broaden the business case to include all of the services identified. This would not be effective and may not optimise the use of the available asset.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The EPSC operates 24/7 to help deliver a safer environment for the residents of Enfield. Whilst the service is not statutory, improving safety of residents is a high priority for the Council.
- 5.2 The ESPC helps the police and other authorities with around 18,000 incidents a year, including the tracking of stolen vehicles, missing people and gang related crime in the Borough.
- 5.3 The current resources available at the EPSC are amongst the most comprehensive and state of the art within the local authority community and it therefore offers an excellent opportunity to share the service with other boroughs to share the costs of CCTV.
- 5.4 Through seeking to share the service the cost of the EPSC will continue to be sustainable and reduce from £800k to cost neutral as new partners come online.
- 5.5 The key selling points of the EPSC offering would include the state of the art control room and equipment, the highly secure site, data storage available and modern radio network with the availability of reaching other London Boroughs.
- 5.6 The Alarm Receiving Centre (ARC) status will not be impacted through this proposal as the centre already has commercial clients and so procedures in place to protect this. The access on site is already restricted and the site is highly secure.
- 5.7 Expanding services to local public sector clients will enhance the safety of the borough and pan London.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS**

## **6.1 Financial Implications**

See Part 2.

## **6.2 Legal Implications**

6.2.1 Section 1 of the Local Authorities (Goods and Services) Act 1970 (the "1970 Act") gives the Council power to enter into agreements with other local authorities and public bodies (as defined therein) for a profit. Before entering into such agreement, the Council must consider whether doing so will be likely to promote or improve the well-being of their area and/or persons within that area.

6.2.2 In the event that the Council contemplates providing CCTV services to entities that are not local authorities or public bodies as defined in the 1970 Act, section 38 of the Local Government (Miscellaneous Provisions) Act 1976 (the "1976 Act") contains a specific trading power which allows local authorities to use their own surplus computer capacity to provide computer-based services to third parties on a commercial basis. A "computer" is defined in the 1976 Act as any device for storing and processing information and could be wide enough to permit the Council to sell CCTV based security systems to the private sector at a commercial rate. Any agreement entered into pursuant to this section must be on terms on which the Council considers that a person other than a local authority could reasonably be expected to provide the facilities or services.

6.2.3 Should a legal agreement be required to be entered into as a consequence of the matters described in this report, then such legal agreement must be approved by the Assistant Director of Legal and Governance Services in accordance with the Council's Contract Procedure Rules

## **6.3 Property Implications**

6.3.1 Property Services to be engaged at the earliest point once negotiation commence with potential partners. This is to ensure that any occupational agreement in the CCTV centre is compliant with the Property Procedure Rules. The occupational agreement will need the relevant delegated authority under the PPR's so that legal can be instructed to grant the agreement. Property should be notified of the completion to record the agreement on Atrium.

6.3.2 Property Services should also be kept informed of any extensions to the building in the future so our records and plans of the building are kept current.

- 6.3.3 Parking for the centre will need to be discussed as the Claverings Industrial Estate around the CCTV centre is due for redevelopment so future parking arrangement and provisions will change.

## **7. KEY RISKS**

Approval of the business case does not present any risks, however any associated income target will present a risk in advance of securing new customers.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

This proposed expansion of the EPSC to other authorities and organisations will enable the current excellent service provision of Public CCTV and other services to be expanded to other areas to improve the safety and security of the general public.

### **8.2 Growth and Sustainability**

The proposed marketing and expansion of the EPSC's client base will make the current service delivery to Enfield residents and those who work in and visit the borough more financially stable and sustainable.

### **8.3 Strong Communities**

By the Council expanding its client base to other authorities and organisations, it strengthens the provision of continuing the services and investment Enfield needs to maintain its level of operation of Public CCTV and other safety services. The increase in capacity and potential growth is clearly designed NOT to impact on current resources and performance offered to Enfield but to financially support its current levels of operation and also improve cross border working in crime, anti-social behaviour and public safety with other partners and clients for the benefit of all.

## **9. EQUALITY IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to expand the public safety CCTV monitoring conducted by the councils Enfield Public Safety Centre. The service complies with all accreditations and industry standard, and will enable the current service level to be maintained by the council and sustainable for the future.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The expansion of the centre as contained within this report has been through a robust commercialism process and has a business plan and operating modal developed to provide the delivery of the expected

outcomes to improve sustainability and develop income streams to the council and service.

## **11. PUBLIC HEALTH IMPLICATIONS**

Evidence is that CCTVs reduce crime. As the effect is most marked in car-parks and on public transport with much lesser effects found in other public settings other crime prevention measures are also required. However, ensuring the sustainability of CCTV cameras in the borough has public health benefits.

### **Background Papers**

None.



## MUNICIPAL YEAR 2017/2018 REPORT NO.

### PORTFOLIO DECISION

Cllr Daniel Anderson  
Cabinet Member for  
Environment  
Cllr Achilleas Georgiou  
Deputy Leader

### REPORT OF:

Executive Director,  
Regeneration &  
Environment

**Agenda – Part: 1**

**KD 4508**

### Subject:

**Contract award for Free Standing Unit  
Street Furniture Advertising 6 sheet**

Wards: All

### Cabinet Member consulted:

**Cllr A Georgiou  
Cllr D Anderson**

### Contact officer and telephone number:

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## 1. EXECUTIVE SUMMARY

- 1.1. The Council has a contract with JC Decaux that expired on 30 June 2017 to deliver Free Standing Unit (FSU) Advertising within the Borough.
- 1.2. The current arrangement provides 47 sites which the Council can use at no cost, for its own advertising campaigns.
- 1.3. A procurement process for a replacement contract has been undertaken and reached preferred bidder stage.
- 1.4. The proposed arrangement is for a 10 year contract to deliver FSU Street Advertising in the Borough which will deliver a net income to the Council (see part 2 for details).
- 1.5. The Council will continue to be able to utilise the new contract for its own communications campaigns free of charge.

## 2. RECOMMENDATIONS

That the Cabinet Member for Environment and Deputy Leader:

- 2.1 Approve the award of contract to Clear Channel for a period of 10 years for the provision of FSU Street Advertising in the Borough and further authorises the contract terms more particularly described in the Part 2 Report.
- 2.2 Agree the free advertising provision for Council services as set out in 3.14

## 3. BACKGROUND

- 3.1 In June 1997 the Council let a 20 year contract with JC Decaux to deliver up to 76 Free Standing Unit (FSU) Street Advertising sites within the borough which utilise the 'back-lit' format.
- 3.2 The current contract generates no net income for the council but enables use of the reverse of all street advertising locations, at no cost, for the Council's own advertising campaigns.
- 3.3 The contract generated an income for the Council of £17,706 in 2016 but requires the Council to pay business rates on the sites which were £22,203 for the financial year 2016/17 per annum. The net financial position is therefore as follows:

Item	Value
Income	£17,706
Business Rates	(£22,203)
Net value	(£4,497)

Although this suggests a net financial loss to the Council, the agreement includes free use of the FSU panels for advertising Council messages and campaigns. The value of this advertising has been calculated at £27,000 per annum and so the contract has provided a net benefit to the Council.

- 3.4 To support the procurement for a replacement contract market specialists were engaged to provide technical input as follows:
  - Market engagement
  - Contract specification
  - Contract structure
  - Quality Control of the process
  - Evaluation of submissions
- 3.5 The technical consultants advised that a digital offering should be sought as digital boards offer many advantages for the advertising community which translates into higher advertising income and rental value being attributed to digital sites.
- 3.6 The tender was for a 10 year contract which is standard for the market and enables providers to recoup capital investment over a reasonable timeframe.
- 3.7 Under the contract the Bidder is responsible for:
  - Paying business rates on the sites
  - Paying the Council an up-front premium
  - Paying the Council a base rental on the sites

- Paying the Council a share of income once revenue exceeds a pre-agreed value

3.8 A procurement process was undertaken in April 2017. Two bids were received both of which were compliant and so put forward for evaluation. The bids were evaluated for value and quality in a 70/30 ratio respectively.

3.9 The overall scores out of 100 for the two bidders are as follows:

Bidder	Quality	Price	Total
A	22.5	27.6	50.1
B	27.5	55.0	82.5

3.10 For the quality scores bidders were required to provide written submissions with examples demonstrating:

- Contract Experience - of similar types and sizes of contract as the tender
- Digital Experience – of providing digital format advertising boards
- Enfield Awareness- provision of suitable proposals to increase the numbers of boards within the borough

3.11 Both submissions were of an acceptable quality although Bidder B scored slightly higher as follows:

- The proposals from Bidder B better demonstrated relevant Contract Experience than Bidder A.
- Both bidders scored equally for the Digital Experience as they are both operating extensive networks of digital advertising products.
- Enfield Awareness related to the type and number of advertising FSU's proposed by each bidder. Bidder B's proposals were more extensive than those from Bidder A.

3.12 Bidder A proposed a modest advertising strategy with 8 digital advertising panels and 10 back-lit advertising panels

3.13 Bidder B has proposed a digital strategy for all sites and has proposed an initial investment in 30 sites, comprising 6 double sided boards and 24 single sided boards. This will be increased to 50 sites over 5 years.

3.14 This will require a planning application for the new digital equipment and the successful bidder is required to make this application within 3 months of the new contract being completed.

3.15 The current contract expired on 30 June 2017, although officers have negotiated to extend this to ensure a smooth transition, and to maintain the Council's current free advertising until the new provision is in place. The conclusion of this contract award to the successful party has been delayed by a few issues, the main delay being a result of seeking

professional advice on a technical procurement matter in order to confirm the Council has obtained the most advantageous contract.

3.16 Bidder B's submission enables the Council to utilise the sites free of charge for its own messaging on the following basis:

- Double Sided Digital sites – 10 seconds in each minute available for Council use
- The reverse side of the single-sided digital unit will be a static 6 sheet made available solely for Council campaigns.

Although this represents an initial reduction in total numbers of locations available for the council from 47 to 30, the new sites are in digital format which is more effective and valuable than the existing backlit format.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

4.1 To include other forms of advertising in the one procurement process. Advice was sought from market specialists who recommended proceeding with the FSU Advertising as a discreet process and reviewing other opportunities separately. This would prevent delays and maximise income to the Council by focusing on the current FSU street advertising contract that was coming up for renewal.

4.2 There are no suitable framework contracts from which the services could be purchased directly. Options would therefore be to continue with the existing contract which would be in contravention of the Public Contract Regulations 2015.

#### **5 REASONS FOR RECOMMENDATIONS**

5.1 Bidder B offered the most economically advantageous proposal and achieved the highest score in the bid evaluation.

5.2 For further detail, see part 2.

#### **6 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES**

##### **6.1 Financial Implications**

See Part 2 report

##### **6.2 Legal Implications**

6.2.1 Section 1 of the Localism Act 2011 permits the Council to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.

- 6.2.2 As the contract value is approximately £ 9million, the full scope of the Concession Contracts Regulations 2016 ("CCR") applies to the procurement. One requirement of the CCR is that the contract be put out to competitive tender via an OJEU notice. The Council has taken legal advice in relation to the risk of a successful procurement challenge resulting from the absence of an OJEU Notice for this procurement. It has taken further advice from its market specialist advisers on the contract that, as two of the largest providers in the market were involved in the competitive process and there is a relatively small number of potential bidders for this opportunity, there is a relatively low risk of such a challenge being brought.
- 6.2.3 The Council has also taken legal advice on whether a voluntary ex-ante transparency notice ("VEAT notice") could be used to mitigate any risk of challenge by ensuring that no claim for ineffectiveness can be brought more than ten days following its issue. However, in these circumstances, A VEAT Notice is unlikely to reduce the Council's exposure to procurement risk because it is not seeking to rely on a specific exemption from the relevant requirements of the CCR. In any event, any potential challenger will have 30 days from the issue of a Contract Award Notice within which to bring a challenge.
- 6.2.4 The contract must be in a form approved by the Assistant Director, Legal Services, Finance, Resources, and Customer Services.

### **6.3 Property Implications**

- 6.3.1 The use of Council owned assets must comply with the requirements of Property Procedure Rules which not only identifies the approval process but more specifically that any occupation or use is correctly documented with agreed terms and conditions.
- 6.3.2 Subject to the terms of the agreement it would be expected that either a lease or licence will be required for the FSU's with any supply cabling documented as a Wayleave. By undertaking these measures the Council will have correctly documented the FSU's and incorporated them in to the agreement.
- 6.3.3 As it is likely that further FSU sites will be identified these will also be required to be documented and added to the agreement. It is important that in the event of changes in locations or removal of any FSU as a result of future highways or development works that on each occasion the agreement is varied accordingly.

### **6.4 Procurement Implications**

- 6.4.1 The procurement was undertaken in accordance with the Council's Corporate Procurement Rules and followed an open process

advertised through the Council's e-procurement platform (London Tenders Portal).

6.4.2 As a contract that generates an income for the successful tenderer, the procurement falls under the new Concessions Contracts Regulations 2016 (CCRs). In determining the procurement approach, the value was based upon the income that Enfield expected to realise from the contract of circa £2m. However, CCRs require the contract value to be calculated on the basis of the revenue to the successful tenderer and that would be above the OJEU threshold for concession contracts of £4.1m.

6.4.3 As a result of this a concession notice should have been placed in OJEU advising potential tenderers of the procurement and this was not done. This raises a risk of challenge from a European organisation that may have wished to tender, but was unable to do so as the opportunity was not listed in the OJEU. However in considering the risk we took into account that:

- The opportunity was advertised on London Tenders Portal and Contracts Finder;
- The procurement process was ran as if it was a fully regulated procedure; and
- This is a limited market in the UK with only a few organisations who would be interested in bidding for the contract. The two major providers both bid as part of this non-OJEU process.

6.4.4 Whilst it is likely that a technical breach of the CCRs has occurred, due to the commercial realities of the market and the three factors identified above we consider the risks associated with this breach to be minimal.

## **7 KEY RISKS**

7.1 There will be an estimated 9 month transition period from the current arrangements to the new digital product. During the transition there may be limited periods of reduced street advertising available to the Council as old units are removed and new ones installed and commissioned.

7.2 Should any loss of advertising to the Council occur during the transition, alternative capacity will be procured for which a provisional sum has been identified and will be funded from the upfront premium received under the new contract.

7.3 Income is dependent on securing planning permission for the new digital sites. Delays or the refusal of planning permission will have a direct impact on the revenue received by the Council. A pre planning application will be submitted within 3 months of the contract being agreed to mitigate this risk and enable proactive dialogue with the Council's Planning Team.

## **8 IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The new digital platform provides a visible and flexible medium through which the Council will be able to communicate its messages to all local residents

### **8.2 Growth and Sustainability**

The additional income derived from the new contract will help support services within the Borough.

### **8.3 Strong Communities**

The digital platform allows bespoke targeted messaging and frequent message updates to be broadcast in a way that is not possible with the current back-lit format. This additional flexibility will assist the Council to engage with hard to reach communities

## **9. EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment/analysis is neither relevant nor proportionate for the approval of this contract as it is supporting an existing service.

## **10 PERFORMANCE MANAGEMENT IMPLICATIONS**

Management of the contract will be undertaken by the Commercial Services Team.

Performance will also be scrutinised by the Performance Management Hub.

## **11 HEALTH AND SAFETY IMPLICATIONS**

N/A

## **12 PUBLIC HEALTH IMPLICATIONS**

N/A

## **13 Background Papers**

None

