

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Operational Report of the Executive Director of Place

Report of: Sarah Cary, Executive Director, Place

Subject: Angel Yard Workspace Contractor Appointment from KD5080 and Amendment of KD5080'

Cabinet Member: Cllr Caliskan, Leader

Executive Director: Sarah Cary

Ward: Upper Edmonton

Key Decision: KD5445

Purpose of Report

1. The Good Growth Fund (GGF) is Mayor Sadiq Khan's £70 million regeneration programme to support growth and community development in London. In March 2020 the Council secured £1.1m GLA funding, matched by £1.1m LBE match.
2. KD5080 from July 2020 gave authority to progress the project including delegating authority to accept GLA grant, progressing procurement, and appropriating land from the HRA if necessary.
3. As officers have engaged with the Secretary of State it has become clear that an application does not need to be made to the Secretary of State to appropriate the land from the HRA for the garages site. For completeness this report seeks the appropriate authority within the Council.
4. In addition, a procurement exercise has been undertaken to appoint the contractor to undertake the construction works for the garages conversion, known as Angel Yard going forward.

Proposal(s)

That the Executive Director of Place:

5. In line with the necessary planning permission for the development set out in this report, hereby authorises in accordance with section 122 of the Local Government Act 1972, appropriation of the land owned by the Council and identified at paragraph 5 of this report, to planning purposes pursuant to section 203 of the Housing and Planning Act 2016, so development may proceed without obstruction in respect of any claimed third-party rights.
6. The land to which this appropriation refers is the garages and drying yard by Snell's Park on the Joyce and Snell estate identified in the photograph below, edged red.



7. Gives authority to enter into a JCT Intermediate Building Contract with Contractor Design (and associated documentation) with Contactor F for the delivery of Angel Yard.

Reason for Proposal(s)

8. The design of the project directly responds to issues and opportunities identified through engagement activity with the local community, businesses and potential partners and identified in the Angel Edmonton Town Centre Action Plan. It also aligns strongly with the objectives of the Corporate Plan and emerging Economic Development Strategy. It also aligns strongly with the objectives of the Corporate Plan and emerging Economic Development Strategy.
9. The delivery of Angel Yard workspaces in the currently vacant garages sites will build capacity within the existing community, offering opportunities for emerging businesses and will deliver employment and skills opportunities. In conjunction with anticipated population growth, we want to ensure Angel Edmonton's economy provides opportunities for the existing community, ensuring that it is inclusive, diverse, and resilient.
10. To improve health and well-being. To make improvements to the physical environment to support community safety. The site is currently subject to significant anti-social behaviour. The new proposals will improve natural surveillance, increase footfall and make the area more attractive for users, visitors and residents who live nearby.
11. From 22 Feb till 24th March a competitive tender process was undertaken through the London Tenders Portal Ref DN583298. 6 contractors were invited to tender for the works. A total of 6 contractors submitted compliant returns. These submissions were evaluated 30% quality (based on previous experience, team CVs, methodology and programme, references, management of risks and H&S records) and 70% price (evaluated by the project quantity surveyor).

12. A breakdown of the evaluation scores is in the table below

	Price Score (%)	Quality Score (%)	Total Score (%)
Contractor A	64.5	20	84.5
Contractor B	57.6	18	75.6
Contractor C	65.4	24	89.4
Contractor D	45.2	18	63.2
Contractor E	47.3	23	70.3
Contractor F	70	22	92

13. Based on the above evaluation, local Enfield based Contractor F scored the highest at 92%. Reference checks were undertaken confirming the evaluation. The confidential appendix provides more detail.
14. Although the evaluation considered Contractor F's submission to represent best value for money, the tender price is £300k over the original agreed budget allocation as a result of unprecedented material price increases due to COVID, Brexit and the Ukraine war. Savings have been made within the wider project to absorb some of this overspend and additional funding is being sought from the GLA.
15. Ahead of confirmation from the GLA that additional funding is available it is proposed to phase the delivery, thereby entering into a contract with the contractor for the works minus double height new build units and canopy with a view to these elements being added back into the contract as soon as the additional funding is confirmed. This phased approach will enable us to enter into contract now, thereby securing the current contract prices against further cost increase and give us time to secure the additional funding requirement to deliver the full scheme, thereby not compromising the budget further or the overall aspirations for the project.
16. In line with the financial Security requirements of the Council the JCT contract requires either a Parent Company Guarantee or a bond to be provided. The Preferred option with Contractor F is currently a Parent Company Guarantee.

Relevance to the Council's Plan

- **Good homes in well-connected neighbourhoods.**
17. Angel Edmonton town centre sits at the heart of a long-term programme of major regeneration. It is located adjacent to the Joyce & Snells regeneration programme, which is proposed to deliver 2,130 new homes and is a short walk to Meridian Water, where the Council will deliver 10,000 new homes over the next 25 years.
- **Safe, healthy and confident communities.**
18. To ensure the community can benefit from long-term regeneration, we must start to tackle issues now. The GGF project is designed to kick start that process. It seeks to address barriers that prevent people from reaching their full potential, from getting a good job and moving themselves and their families out of poverty. It looks to harness creativity and leverage cultural and ethnic diversity, to change perception and act as inspiration. It looks to provide a shop window for

regeneration, through which the community will be able to access a broad range of services, a new community hub and affordable workspace.

- **An economy that works for everyone.**

19. In conjunction with anticipated population growth in the area, the GGF project seeks to ensure Angel Edmonton's economy provides opportunities for the existing community, ensuring that it is inclusive, diverse and resilient. It is designed to help co-ordinate development and regeneration and nurture the community – both of which are crucial components for stimulating successful economic growth.

Background

20. Fore Street is a well-used local high street with a significant proportion of independents whose diverse offer reflects the cultural diversity of the neighbourhood. The vacancy rate is low and during the day, Fore Street is a lively high street that provides well for the local community. Yet, Fore Street has issues with antisocial behaviour and is ill equipped to respond to the changing consumer behaviour affecting high streets nationwide.
21. Angel Edmonton features amongst the 10% most deprived areas for several of the English Indices of Deprivation. The south and the east of the borough are most acutely affected by crime, barriers to education, skills, training and employment. Income deprivation and a poor living environment are affecting local communities, particularly those living in Angel Edmonton.
22. Meridian Water, Joyce & Snells and other regeneration and development projects in the area provide a significant opportunity to address these issues and work with the local community to ensure their quality of life improves and opportunities are offered to all.

Main Considerations for the Council

23. This project is a direct response to community engagement and leverages Council owned assets to address needs and enable the development of a vibrant local economy. A multilateral approach seeks to address a range of priorities identified in consultation including:
 - addressing crime/ anti-social behaviour hot spots
 - public space improvements + placemaking
 - improving access to workspace
 - increasing access to employment + training
 - facilitating greater community cohesion
 - empowering local people to contribute to the shaping of their environment
24. The Workspaces take advantage of the proposed redevelopment of the Joyce & Snell's estate and provide meanwhile uses for underused sites in advance of their future redevelopment. The Good Growth Fund proposals have been developed in close consultation with the Joyce & Snell's Regen Team. Neither site is intended for at least five years under current proposals. It is intended that the social, economic and cultural infrastructure of the workspaces will inform and be integrated into the permanent masterplan.

Deliver employment and skills opportunities.

25 Providing 31 new workspaces and a programme of business, employment and skills advice will support new and existing SMEs and deliver employment opportunities for the local community. The following outcome metrics will be used to evaluate progress against this objective:

- Amount of commercial space created or improved
- Increase business turnover
- Number of businesses supported
- Number of people progressing into work
- Number of jobs being safe-guarded or new jobs created
- Number of vacant units bought back into use

Provide the foundation for a strategic spatial plan.

26. Strategic engagement and consultation, nurturing future economic opportunities and co-ordinating development programmes will inform a spatial plan to accommodate good growth. GGF project deliverables will test, in a meanwhile capacity, longer term interventions that will be delivered by Joyce & Snells, Meridian Water, Economic Development and Healthy Streets projects. The following outcome metrics will be used to evaluate progress against this objective:

- Number of residents who participate in the project over the project duration

Improve health and well-being.

27. Community engagement, cultural, and public realm improvement projects will lead to increased footfall and the perception of safety in the area. The following outcome metrics will be used to evaluate progress against this objective:

- The amount of public realm being created or improved
- Increase in footfall
- Increase in visitor satisfaction

Project Elements:

Provide affordable and flexible work and studio space for local businesses.

28. Creating 31 small workspaces, totalling 600 sq/m, that will support young and innovative businesses through affordable rents, co-location + business support on simple, flexible terms. The workspaces will be in operation for at least 5 years from opening.

29. A preferred operator for the workspaces has been identified. They are required to generate social value for the area, in demonstrable ways in line with the project objectives. The income generated by the workspaces will cover the loss of existing rent generated by the garages and provide additional income to the council.

30. The Town Centre Development team will be managing the relationship with the workspace provider with support from Strategic Property Services.

Proposed Programme

Appointment of contractor	June 2022
Operator promotion of units	June 2022
Construction Commences	June 2022
Completion	December 2022

Public Health Implications

31. Good Growth Angel Edmonton will help narrow the gap between the best and poorest physical and mental health and wellbeing by providing additional, affordable workspace which will contribute to economy, job creation and retention and contribute towards strengthening community resilience and opportunities to make new social connections. This development is taking place in one of the most deprived areas of the borough and would be expected to have a positive impact on many determinants of health (e.g., increased employment and increase economic activity and decreased crime).

Equalities Impact of the Proposal

32. KD 5080 report does contain a detailed discussion about how the scheme will promote equality, thereby demonstrating due regard to the PSED in our decision making.
33. The decision in this report is subject to our ethical procurement policy which does requires a commitment from the contractor to help the council to meet its PSED. Equality considerations will be defined and agreed during contract negotiations to ensure that equality is promoted in the employment of the contractor's workforce.
34. The programme itself is focused on addressing inequality by providing affordable premises and business support by an operator which is a social enterprise and charity established to support under privileged young local entrepreneurs across London. During lease negotiations the Council will ensure the operator will run the space fairly and help the council meet its PSED. An EqIA will be developed to ensure the PSED targets are met.

Environmental and Climate Change Considerations

35. This meanwhile uses project makes use of existing buildings, thereby limiting waste associated with demolition and construction. As the workspaces are temporary projects, design briefs have included the requirement to consider the life cycle of buildings and materials.
36. The design brief for the workspace project has responded to the requirements to:
 - Minimise energy consumption
 - Reduce carbon emissions
 - Minimising the risks associated with the day-to-day environmental management
 - Integrate other sustainable design solutions where possible
 - Improvements to surface water drainage
37. Green economy businesses will be highlighted when the spaces are promoted to the community.

Risks that may arise if the proposed decision and related work is not taken

38. Without the project elements that Good Growth Fore Street will deliver, Angel Edmonton will under-perform against its potential.
39. Without the project elements that Good Growth Fore Street will deliver, Angel Edmonton's community capacity will remain under-developed.

40. Without the project elements that Good Growth Fore Street will deliver, the planned development works which surrounds Angel Edmonton will lack strategic spatial oversight.
41. Without the project elements that Good Growth Fore Street will deliver the health and well-being of Angel Edmonton's residents will not benefit from improvement.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

42. We have already sought advice from the secretary of state, and they have confirmed that we do not require their approval to appropriate this land for planning purposes. Therefore, there is no residual risk relating to this action. This report corrects the previous action detailed in KD5080.
43. There is a risk that the price may increase. We have built in a 10% contingency into the current contract sum that will mitigate the impact of price increases. Close working with the contractor, architect and QS will also undertake value engineering to the design to keep prices down if the contingency is not enough.
44. There is a risk that the contractor might fail, however the procurement process included quality assessments of the contractor's abilities and references were sought that reassured the evaluation team that the contractor has the skills and expertise to deliver this project.

Financial Implications

45. See the Confidential Appendix.

Legal Implications

46. This report constitutes a Key Decision (KD). A KD is defined as a proposal that involves expenditure/savings of £500,000 or above (including proposals phased over more than one year) and match/grant aided funding with a total of £500,000 or above; and/or which has significant impact on the local community in one or more wards.
47. The Council holds statutory powers of appropriation under Section 122 of the Local Government Act 1972. Furthermore, Section 203 of the Housing and Planning Act 2016 enables a local authority to override third party rights, where the relevant 'building or maintenance work' is being carried out with planning permission on land that has been acquired or appropriated by the council for planning purposes, with a right to compensation arising in favour of the proprietor of the rights overridden. Pursuant to Section 204 of the Housing and Planning Act 2016 the Council is liable to pay compensation, in accordance with the statutory provisions, in respect of 'any interference with a relevant right or interest or breach of a restriction that is authorised by section 203'.
48. The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive to or incidental to the discharge of any of its function.

These powers can be relied on by the Council when entering into the contract for the works.

49. The value of the works being awarded to Contractor F is below the EU procurement threshold for works, however the procurement process must be carried out in accordance with the Council's Contract Procedure Rules (CPRs), see procurement implications below.
50. The contract for the works must be in a form approved by Legal Services on behalf of the Director of Law and Governance and must be sealed as a deed. The contract must flow down any applicable conditions attached to the GLA funding and should also include as an optional element the additional works which are intended to be instructed as soon as the additional funding is confirmed (thereby avoiding any risk of breaching procurement law by materially varying the contract).
51. As the value of this contract is over £1million, the CPRs require that the Contractor is asked to provide sufficient security (for example a PCG or a bond). Evidence of the form of security required. The JCT contract being used requires a PCG or Bond and this will be processed as part of the contract documentation in due course.

Workforce Implications

Null

Property Implications

52. The property implications for the proposals in this report are largely to be found in the body of this report. However, there are additional, peripheral property implications which arise from the elements of this project which are detailed in the linked PL 20.58 KD5080 report that relate to the letting of the Workspace that is being created as a result of the JCT contract identified in this report. In this regard, the new lease will need to be agreed and approved in accordance with the Property Procedural Rules but can then be authorised separately under existing delegated authority arrangements.

Procurement Implications

53. The procurement was undertaken using London Tenders Portal (ref DN583298), in accordance with the Councils Contracts Procedure Rules (CPRs).
54. In accordance with the CPRs the Supplier must be required to provide sufficient security. Evidence of the form of security required, or why no security was required, must be stored and retained on the LTP for audit purposes.
55. The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the LTP, including future management of the contract.
56. In accordance with the Councils CPR's the service must ensure that a Contract Manager is nominated and allocated to the procurement once uploaded onto the LTP, and that the monitoring requirements are adhered too including evidence of regular contract reviews.
57. The awarded contract will be promoted to Contracts Finder to comply with the Government's transparency requirements

Other Implications

58. There are no further implications over and above the ones approved in KD5080.

Options Considered

Do nothing

59. Not appropriating the land would risk interference with the Council's development of the site into workspaces from third party rights (i.e. rights of light and rights of way) and potentially beneficiaries of such rights could seek an injunction preventing such. If we are to develop the site as previously approved in KD5080 without risk, then appropriation of the site is required.

Alternative contractor appointment.

60. The procurement exercise identified above involved the evaluation of 6 contractors and Contractor F was identified as the most economically advantageous tender.

Conclusions

61. The recommended option is to support the proposal to approve the appropriation of the garages land for planning purposes and to award the construction contract to Contractor F.

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Appendices

none

Background Papers

The following documents have been relied on in the preparation of this report:

KD 5080