

**Key Decision Report of the Corporate Director of Resources**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s): All</b>
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**The Appendix to this report is exempt and not for publication**



**SUBJECT: Refurbishment of part of the commercial premises at 49 – 59 Old Street, EC1V 9HX**

**1. Synopsis**

- 1.1 This report seeks approval for the contract award for the refurbishment of part of the commercial premises at 49 – 59 Old Street.
- 1.2 The property is a mixed use building over eight floors. This refurbishment consists of a Cat A fit out for office space on the ground and upper floors and a shell and core fit out for the ground floor retail unit. The works exclude the interior of the occupied ground floor retail unit.

**2. Recommendation**

- 2.1 To approve the award of the contract for the refurbishment of part of the commercial premises at 49 – 59 Old Street to Diamond Build PLC for the amount of £ 2,895,273.00

It is proposed decision will be taken on 19 April 2018

The proposed decision was included in the Forward Plan.

### **3. Background**

- 3.1 49/59 Old Street is a mixed used building over 8 floors. The property comprises of retail accommodation on the ground and basement floors with office accommodation available to the rear of the ground floor and on the upper floors.

The building is in need of major refurbishment works to place it into lettable and tenable condition to attract market rent. The refurbishment costs of £ 2,895,273.00 are offset by the projected income from the office space at approximately £930,000 per annum.

The Old Street and Clerkenwell areas have seen rental growth in excess of 40% over the past three years, predominately due to increased demand and shortfall of supply of attractive office accommodation.

The works will include the rewiring of the premises, new windows and VRF heating and cooling.

- 3.2 The works will be funded through the property services buildings budget and paid back by rental income within three year
- 3.3 The procurement strategy for these works was agreed by the Corporate Director of Resources following consideration at the Procurement Board on 8 November 2017. As there is no suitable procurement framework available for refurbishment projects, the works were procured through an advertised single stage competitive tender.
- 3.4 The tender was conducted in one stage, known as the Open Procedure as the tender is 'open' to all organisations who expression their interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before their evaluation Award Criteria is considered. The proposed evaluation award criterion is based on an assessment of the most economically advantageous tender (MEAT). This enables the contracting authority to take account of criteria that reflect qualitative aspects of the tender submission as well as price when reaching an award decision. The MEAT for this project is based on 70% cost and 30% quality. In order to be awarded the contract, the winning contractor had to score a minimum of three points for each of the quality questions. The 30% quality requirement was made up of three questions each with a weighting of 10%.
- 3.5 The price element (70%) was the cost of the tender including council set provisional sums. This was analysed by the project quantity surveyor and checked for mathematical error.
- 3.6 The tender documentation included the requirement for contractors to sign up to the London Living Wage as well as signing a declaration to confirm that they have not and/or will not participate in the blacklisting of trade union members or activists contrary to the Employment Relations Act 1999 Blacklisting Regulations 2010 and the Data Protection Act 1998. The successful contractor is also required to provide employment placements for Islington residents.
- 3.7 21 tenders were received. Details of the tender evaluation process, the evaluation of those tenders and the value for money assessment can be found in the exempt Appendix 1 to this report.

### **4. Implications**

#### **4.1 Financial implications:**

The full cost of the contract is £2,895,273 and this will be funded from a central Strategic Property budget.

A financial assessment was completed and the contract manager has been advised of the outcome.

#### **4.2 Legal Implications:**

The Council has power to refurbish its commercial premises at 49-58 Old Street (section 1 Localism Act 2011). Accordingly, the council may enter into a contract for such refurbishment works under section 1 of the Local Government (Contracts) Act 1997.

The estimated value of the refurbishment works was below the financial threshold (£4,551,413) for public works contracts for application of the Public Contracts Regulations 2015 and therefore did not need to be advertised in the Official Journal of the European Union. However, such contract must be procured with due regard to the principles of equal treatment, non-discrimination and transparency that underpin the Regulations. The council's Procurement Rules also require contracts over the value of £181,302 to be subject to competitive tender.

In accordance with the requirements of the Regulations and the Council's Procurement Rules, the contract has been subject to competitive tender using the single stage open procedure. Tenders were evaluated in accordance with the evaluation model. Diamond Build plc received the highest overall rating and therefore may be awarded the contract for the refurbishment of 49-59 Old Street provided the decision maker is satisfied as to the organisation's competence to undertake the works and that its tender represents value for money for the Council. In reaching his decision, the decision maker should have regard to the information set out in the exempt appendix.

#### **4.3 Environmental Implications**

It will be essential during site strip out and refurbishment to ensure that the contractor adheres to environmental legislation. Responsibilities around waste management and disposal, licences, permits and liability will be clearly defined before work commences. Appropriate legislation will be applied rigorously and full method statements for all activities will be required from the contractor before commencement in order to mitigate risks. Contractors will be required to implement the waste hierarchy, prioritising reuse and recycling.

Other risks include the potential for nuisance to neighbours (e.g. noise, vibration, congestion, dust). The contractor will be required to mitigate these risks as well as considering the whole life costs and embedded emissions of any materials being used for refurbishment.

#### **4.4 Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed in August 2017. The refurbished offices will offer flexible work spaces. The building will have a fully accessible toilet and shower. The existing lifts will be modernised, and made roomier by the removal of wooden interior cladding.

The design will be fully inclusive where possible, given the constraints of working with an existing building. The proposal aims to meet the highest standards of accessibility and inclusion so that all potential residents and visitors, regardless of disability, age or gender, can use them safely and easily. Inclusive access is achieved by eliminating barriers, physical, attitudinal and procedural, which inhibit the involvement of the whole community, not just disabled people.

The ultimate aim of inclusive access is that the design and layout of the building should enable everyone to be able to enter the building, use the facilities and leave safely, independently and with ease.

## **5. Reasons for the decision:**

- 5.1 Diamond Build have provided acceptable costs and quality values for these works and scored highest in the MEAT evaluation.
- 5.2 The cost values have been assessed as fair and reasonable by our appointed QS and the tender price is considered to represent value for money for the council.

## **6.0 Record of the decision:**

I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

**Signed by:**

**Corporate Director of Resources**

Date

## **Background papers:**

- None

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