

CORPORATE FINANCE AND PERFORMANCE SCRUTINY PANEL		DATE 15.01.2020
TITLE Slade Toilets Redevelopment		ITEM NO. 8
CHIEF OFFICER Director of Regeneration, Enterprise & Skills	CABINET MEMBER Regeneration and Growth	

1. **Purpose of Report and Executive Summary**

- 1.1. Scrutiny has requested a report to comment on the decision making process in relation to the redevelopment of the former public conveniences at The Slade, its consideration of Value for Money and any wider impact on local businesses in the area.

2. **Links to the Royal Greenwich Strategy**

- 2.1. This report relates to the Council's agreed high-level objectives as follows:

- A Healthier Greenwich – working to address food poverty and poor nutrition as the café offers a range of affordable, healthy food.
- A Cleaner, Greener Greenwich – reducing anti-social behaviour in our public and green spaces. The former public conveniences were subject to vandalism and anti-social behaviour. The café has brought the site back to life, creating a place that the community is proud of.
- Economic Prosperity for All – to support business growth in the Borough including start-ups to help to diversify employment opportunities. The tenant of The Slade Café is a local start-up business, employing 9 Plumstead residents and using local suppliers where possible.
- A Great Place to Be – to work to ensure there is continued community cohesion in Greenwich and quality of access for all. The Slade Café is a community hub that engages with various community organisations and runs events throughout the year that work to bring the community together.
- A Strong Vibrant and Well-Run Borough – to use our buying power to enable local companies to bid for contracts and offer jobs to local people. Throughout the construction phase the contractor employed three local residents and all materials were locally sourced.

3. **Purpose of the Report**

- 3.1. The Slade Café has been operating for over 12 months and this report provides a closure review of the project and sets out the following information for review by Scrutiny Panel.

- Decision making process (including Ward budget use and business case)
- Value for money
- Impact on other local businesses

4. **Background/Summary**

- 4.1. The former 1930's public conveniences at The Slade were closed many years ago due to regular vandalism. They were identified as having the potential for conversion and use as a local community resource, including a café area with display space for local artwork.
- 4.2. Ward Councilors identified funding from the Glyndon and Shooters Hill Ward Budgets to undertake a feasibility study that was commissioned in January 2017. The study considered how these former public conveniences could be converted into a community facility.
- 4.3. The vision for the building was to create a space that could be utilised throughout the day and into the evening for a variety of uses including:
- Space to gather and socialise
 - A display space
 - A small stage for performers
 - A toilet for the public
 - Outdoor space
 - All based around a café facility
- 4.4. As such, the objectives for the project were:
- Improved overall appearance of the site
 - Maintained character and style of the existing building
 - Affordable healthy food offer for local residents
 - Creation of local employment opportunities
 - Annual calendar of community events
- 4.5. The project scope and design was developed during 2017 with a Scheme and Estimate report being approved in December 2017.
- 4.6. The works were tendered to appoint a contractor with works commencing in March 2018 and completing in October 2018.
- 4.7. A competitive process was undertaken to select an operator with the café official opening on 6 October 2018.

5. **Report**

Decision Making Process

- 5.1. On 15 August 2016 a decision was taken to use Ward Budgets to allocate a one-off payment of £40,000 to undertake a feasibility study to support a capital works programme to regenerate the existing disused Plumstead Common/ Slade Toilets. The report noted that the regenerated space would become a community hub with potential café, toilets and a meeting space.
- 5.2. The Ward Budgets Scheme provided an allocation of £30,000 to each Ward enabling Ward Councillors to respond more directly to the locally identified needs and priorities of the communities they represent. For the Slade project £20,000 of the funding was allocated from the Shooters Hill Ward Budget and the remaining £20,000 was allocated from the Glyndon Ward Budget.
- 5.3. On 2 December 2016 this Ward funding was used to appoint a consultant in line with Contract Standing Orders and via a Chief Officer Delegated Report to provide full design team services to produce a feasibility study and develop the design of the scheme.
- 5.4. The feasibility study concluded in January 2017 and presented the following three options:
 - Option 1: refurbish the existing building with no extension.
 - Option 2: refurbish the existing building and add an extension.
 - Option 3: demolish and construct a new building.
- 5.5. Following consultation with local residents and Ward Councillors, Option 2 was identified as the preferred solution as it would provide a community hub that would enhance the look of the area, promote art and cultural activities, provide public toilets, reduce the threat of vandalism and improve the heritage in the Plumstead Common Conservation Area.
- 5.6. Option 1 was not preferred because of the constrained size of the existing building would limit potential use of the site. Option 3 was not preferred due to the higher cost and loss of a historic building.
- 5.7. In order to manage the development and delivery of the scheme and provide independent cost management a tender process was undertaken to appoint suitably experienced consultant. This concluded with the consultant being appointed in line with Contract Standing Orders and as the most economically advantageous tender on 22 September 2017 via a Chief Officer

contract award report. The cost of this was £33,786 and was funded by the £40,000 allocation from Ward Budgets.

- 5.8. The scheme design and scope was developed during Autumn 2017 with a Scheme and Estimate report being presented to the Leader. In line with the Scheme of Delegation, the Leader approved this report on 12 December 2017. The identified budget was £584,790 with an expected annual revenue stream of between £10,000 and £12,000 per year through rent of the café to a tenant.
- 5.9. Following a competitive tender process, in January 2018 a contractor was appointed via a Chief Officer delegated report in line with Contract Standing Orders and as providing the most economically advantageous tender.
- 5.10. The total project budget for the Slade Café was £584,790, with an approved construction budget of £519,276. The final account was agreed on 31 August 2018 at £437,304.04. The total project spend was £550,812.48, resulting in an underspend of £33,977.52.
- 5.11. In January 2018 a competitive process to find and secure a tenant to operate the café was advertised requesting interested parties to submit expressions of interest. More information regarding this process is set out below. The process resulted in a decision being taken by the Cabinet Member on 14 August 2018 to agree the Slade Café letting arrangements and grant a five year lease to the operator on terms that had a stepped rent leading up to £10,000 per annum.

Value for Money

Construction

- 5.12. Value for money was ensured by undertaking appropriate tender processes throughout the project. All consultant fees and construction costs were competitively tendered in accordance with the Councils Contract Standing Orders.
- 5.13. Independent consultants were appointed to perform the cost management role on the project. They reviewed all construction costs throughout the project to compare the costs to market rates and ensure that the Council secures value for money.

Tenant

- 5.14. The tenant was selected via a competitive process. Invitations to Submit Proposals to Lease were issued in January 2018 seeking bids from café

operators to establish a new café that would provide an accessible venue for community activities. A total of 25 expressions of interest were submitted, resulting in 5 full submissions being received. These were evaluated against a range of criteria including:

- Accessibility and affordability for local residents
- Proposals to add social value and support local artists
- Hours of operation
- Projected impact on footfall and ability to attract visitors and residents
- Business plan and realism of proposals
- Health and Safety matters
- Creation of local employment opportunities
- Experience
- Lease and rental proposals

- 5.15. The preferred operator was selected based on their rental offer and their ability to provide best fit with the vision of the project, their offer to the local community and food provision.
- 5.16. The lease included a stringent set of key performance measures to ensure that the scheme generated social return on investment through improved social cohesion and community engagement, supported by a calendar of events throughout the year. The tenant clearly demonstrated the dedication and the drive to engage with the local community.
- 5.17. As the operator of the Slade Café was a start-up business, it was agreed via the decision report Slade Café letting arrangements decision report in August 2018 that they will pay a stepped rent that increases upwardly year on year concluding with a rent of £10,000 per annum at Year 5. At the end of the five year period there will be a rent review.
- 5.18. Social Value
A key driver of this project was Social Return on Investment (SROI). Whilst it is difficult to place a monetary value on SROI, Appendix I provides several examples of the benefits that the Slade Café has brought to the area over the past year.
- 5.19. A particular example to highlight is the use of Redemption Roasters coffee. This is coffee which is roasted by young offenders in prison through an apprenticeship scheme which also trains them to be baristas. On their release, they are offered jobs through the supply chain.

Impact on Other Local Businesses

- 5.20. There have been no reports of any negative impact on local businesses within the area due to the opening of The Slade Café.
- 5.21. Within a 500m radius of The Slade Café, there are 9 cafés, restaurants or eateries. These are:
- The Plumstead Pantry
 - Old Mill Public House
 - Food-Tec Kitchen
 - Five Rivers
 - Belly Busters
 - The Charcoal Grill
 - Who'd a Thought it
 - Sing Wah
 - The Ship
- 5.22. The table below details the offer of each of these businesses:

Business	Offer
The Plumstead Pantry	Café
Old Mill Public House	Public House
Food-Tec Kitchen	Caribbean restaurant
Five Rivers	North Indian restaurant
Belly Busters	Bakery
The Charcoal Grill	Kebab shop
Who'd a Thought it	Public House
Sing Wah	Chinese Takeaway
The Ship	Public House

- 5.23. Of these businesses, only The Plumstead Pantry has a similar offer to The Slade Café. The Plumstead Pantry are currently expanding their offer to incorporate Lakedale Coffee, signifying no negative impact from the opening of The Slade Café.
- 5.24. Further along Plumstead Common Road, The Star pub has been refurbished and re-opened as a 'Dirty Liquor' bar, a chain across the South and East of London specializing in sourdough pizza.
- 5.25. The Slade Café has had a positive impact on the local area, not only for the local community but also for local businesses. The project has achieved the key objectives detailed in point 3.5 above and was delivered under budget.

6. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
Legal including Human Rights Act	The purpose of this report is to provide the Panel with information about the redevelopment of the former public conveniences at The Slade. No formal decision will be taken. As such, there are no legal implications arising directly from the report.	John Scarborough, Director of Legal Services, 16 October 2019
Finance and other resources including procurement implications	The report provides an overview of the decision making process and value for money considerations in relation to the Slade Café scheme and as such does not have any direct financial implications.	Michael Horbatchewskyj Accountancy Business Change Manager 17 October 2019
Equalities	The report is for information only therefore does not have any impact on equalities.	Elle Smith, 15 October 2019

Report Author: Elle Smith, Project Manager (Corporate)

Tel: 020 8921 8782

Email: Elle.Smith@royalgreenwich.gov.uk

Reporting to: Kevin Orford, Programme Manager (Corporate)

Tel: 020 8921 3367

Email: Kevin.Orford@royalgreenwich.gov.uk

Chief Officer: Pippa Hack, Director of Regeneration, Enterprise and Skills

Tel: 020 8921 5519

Email: Pippa.Hack@royalgreenwich.gov.uk