

## CABINET

15 December 2020

<b>Title:</b> Intensifying Barking's Industry Project	
<b>Report of the Cabinet Member for Regeneration and Social Housing</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Thames Ward	<b>Key Decision:</b> Yes
<b>Report Author:</b> Lily Kwong, Development Manager, Be First	<b>Contact Details:</b> E-mail: <a href="mailto:Lily.Kwong@befirst.london">Lily.Kwong@befirst.london</a>
<b>Accountable Director:</b> Ed Skeates, Development Director, Be First	
<b>Accountable Strategic Leadership Director:</b> Graeme Cooke, Director of Inclusive Growth	
<b>Summary</b> <p>The Council and Be First are looking at ways to unlock the growth potential of industrial sites and to support business and job growth. The Borough still has the largest percentage of its economy in manufacturing than any London Borough and has the second most industrial land. The challenge is to make existing industrial sites in the area perform better and more intensely in terms of their site coverage and operations, as well as modernising its workforce.</p> <p>This Intensifying Barking's Industry project, also known as the 'Industria' development, aims to showcase how a 1.8-acre under-utilized site (Unit A, Creek Road, Barking, IG11 0JW) in a Strategic Industrial Location (SIL) can be transformed into a model of how industrial land can be used in much more intensive ways - critical to a Borough with London's lowest employment density and a desire to modernise its workspace. This project will be at the forefront of a new typology of intensive industrial space and will seek to showcase the learning with the industry. This project complements the Council's emerging Local Plan, Inclusive Growth Strategy, Industrial Strategy and River Road Employment Area SPD.</p> <p>Following substantial design work and appraisals, the project has a viable scheme, meeting the Council's investment requirements and a preferred delivery route. The scheme also attracted Greater London Authority's (GLA) investment in the form of a proposed head lease for part of the space. This report therefore seeks approval on the investment decision and relevant recommendations.</p>	
<b>Recommendation(s)</b>	
The Cabinet is recommended to:	
(i) Approve the Intensifying Barking's Industry project at Unit A, Creek Road, Barking, in the total sum of £34.65m as detailed in the report, subject to the agreement of terms with GLA, planning approval and receipt of satisfactory construction tender prices;	

- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Regeneration and Social Housing and the Director of Law and Governance, to negotiate terms and execute all the property and legal agreements including the agreement for lease and head lease with the GLA; and
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Regeneration and Social Housing and the Director of Law and Governance, to negotiate terms and execute all the legal agreements, including the contract with the main contractor, and the procurement strategy and contract for the asset management services and any terms of extension, and any other documents on behalf of the Council to fully implement and execute the project.

**Reason(s)**

In addition to unlocking the borough's housing target, this project is an important pilot project for the Council in delivering the objective of supporting a stronger and growing local economy. The project will:

- showcase an exemplar prototype building that maximises efficient use of industrial land.
- tailor and deliver the right type of employment space and opportunities for local residents.
- deliver significant on-site employment, targeting identified growth sectors.
- potential to generate a long-term rental income source for the Council.
- generate new income for the Council through increased business rates.

## **1. Introduction and Background**

- 1.1. The Council has an ambitious housing target to kick start the regeneration of the borough which is, in part, predicated on the planned release of surplus industrial land. To manage this process, the Greater London Authority (GLA)'s Intend to Publish London Plan has set out strict policies that seek to retain sufficient industrial floorspace capacity in designated industrial areas via a plan-led and/or masterplan-led process. For the borough to meet the proposed housing target, there will have to be a compensatory intensification of the existing employment land.
- 1.2. While it is a London wide challenge to make existing industrial sites perform better and more intensely in terms of their site coverage and operations, this is particularly acute in LBBD due to the low employment densities and the real scope for growth. The borough has the lowest job density in London – 0.48 compared to London average of 0.99. It is forecasted that the LBBD economy will grow by 7,500 to 8,000 jobs next 15 years, with a third of these future jobs expected to be accommodated in use Class E and Class B business space.
- 1.3. This project complements the Council's emerging Local Plan and its underpinning Industrial Strategy. The Council is developing a borough-wide Local Plan and Industrial Strategy which responds to the Council's housing delivery target as well as the latest London Plan policy on industrial land intensification and managed released. The strategy sets out the Council's ambitious aspiration for a transformational change in the borough's social and economic landscape through

an intelligent use of its industrial land. This project is one of the pilots in demonstrating public sector leadership in delivery of the Council's vision.

- 1.4. The project also supports the emerging River Road Employment Area Supplementary Planning Documents (SPD), which was presented to November Cabinet to seek approval for the statutory public consultation beginning in December 2020. The SPD sets out detailed supplementary planning guidance and a localised framework for future development of the River Road Employment Area. The area currently house low-density poor quality industrial usage and characterised with inefficient poor quality public realm and transport links. Through intensification in the River Road area, this allow consolidation of industrial buildings/uses and promotes subsequent release of land in Thames Road area for residential delivery. This site is located in an area that will remain industrial in the emerging SPD.
- 1.5. The River Road Employment Area SPD and its land zoning strategy are underpinned by a proposed zoning approach, which essentially seeks to intensify industrial uses within the centre of the masterplan area in order to release land for co-location uses in the centre of Thames Road and residential use in the eastern part of Thames Road. The residential development is dependent on the successful delivery of industrial intensification in other zones. It is therefore the more intensity the industrial plot can achieve, the more housing land it will unlock in other zones. This scheme with a site footprint of 8,060 sqm delivering 12,328sqm GEA of industrial floor space, will therefore directly unlock 4,268sqm of land for residential development in the masterplan area.
- 1.6. The project supports the Council's Inclusive Growth strategy, which sets out measures to improve both the quality and quantity of the jobs available in the borough. This includes efforts to attract new, higher skills, better paid jobs and sectors into the borough as well as action to improve pay, job quality and performance in the existing sectors where the majority of people currently work – in order to support delivery of the Borough Manifesto goals to improve job density, average incomes and employment rates.
- 1.7. Currently the borough is characterised by a large number of low pay, low value businesses that are neither able nor willing to invest in higher skill, more intensive means of production. There is the need for the public sector to intervene in addressing this issue to shape the local economy, and to encourage private sector investment to deliver modern employment space which intensifies employment and provides a more attractive environment for employers offering better paid, better skilled jobs to locate in the borough.
- 1.8. Multi-storey industrial is a new model for both UK developers and occupiers, although it is relatively common in parts of East Asia and Europe. At a London-wide level it is clear that the private sector needs encouragement and successful examples in order to follow suit. This Intensifying Barking's industry project is therefore a pilot and demonstrator project, showcasing an exemplar prototype building that maximises efficient use of industrial land, setting the benchmark for the type of industrial development the borough wants the private sector to deliver. In parallel to planning policy encouragement, this project will demonstrate public sector leadership, blazing the trail for the private sector to follow, and subsequently

kickstart and enable the regeneration of the wider Thames Road and River Road area.

### **Site context**

- 1.9. The 2-acre (8,100 sqm) former Remploy factory site sits on the junction of Creek Road and Long Reach Road. The site is within the Council's ownership and is currently used as bus garage on a temporary basis.
- 1.10. The site is located within the River Road Employment Area Strategic Industrial Location (SIL) designated land, which is an employment area of strategic importance to the borough and London offering a home for a wide range of businesses and significant employment opportunities. Under the Local Plan and the emerging River Road Employment Area SPD the River Road area has been designated as area for consolidation and intensification to support the potential release of employment land in Thames Road and the wider industrial land in the borough.
- 1.11. The site is on a prominent corner site and therefore provides an ideal opportunity for public sector intervention to showcase a model of industrial intensification. While the project site is only a small part of the SIL area, it is on a corner close to a Barking Riverside site entrance where an attractive modern industrial building proposed will help improve the gateway into Barking Riverside. Currently the site is hoarded and only used for bus storage so the physical improvement will be dramatic.

## **2. Proposal and Issues**

- 2.1. Aligning with the Council's objectives and GLA's funding requirements, the project has the following objectives:
  - Provide an exemplar model of intensified industrial space.
  - Deliver viable and affordable workspace.
  - Provide a mix / size of units in-line with local market demand.
  - Provide servicing / amenity that meets with the market expectation.
  - Deliver a building of high quality that improves its urban environment.
- 2.2. Currently the proposal is a multi-level industrial scheme, containing approximately 45 SME units and flatted factory units. This will deliver up to 12,328 sqm GEA (132,697 sq ft) of industrial floorspace achieving a plot ratio of 150% (average plot ratio in traditional industrial space is 40-45%). The commercial space will deliver an estimated 243 jobs (calculation based on Homes & Community Agency's Employment Density Guide). Further design information can be found in the scheme's planning application submitted in November 2020.
- 2.3. The scheme will provide 20 SME units (size range from 175–500sqm with 6.8m clear heights), 25 Flatted factory units (size range from 15–230sqm with 3.5m height), communal business lounge and café facilities. This will appeal to a wide range of potential tenants, whose requirements have been researched and interrogated as part of the research and engagement process.
- 2.4. The design provides active frontages to Long Reach Road and Creek Road and provides a fitting response as the gateway into Barking Riverside. The design also

provides access to a shared central “yard area”, which is considered desirable from local industrial businesses. Good flexibility of unit sizes and divisions allows for adjustments based on market take-up. This also means that we can open up the spaces to allow for businesses of all sizes and allow for accommodation of tenants as their businesses grow and more space is required.

- 2.5. The scheme has a sustainability target of BREEAM Excellent which puts the scheme in the top 10% of UK new non-domestic buildings on sustainability performance.
- 2.6. The design proposals maximise the introduction of biodiverse raingardens, planting and two Green Walls facing east and west from the site. The green walls are key architectural feature of the scheme, bringing together the architectural and landscape elements, provides significant greening, improved street frontage, as well as shading, privacy and visual interest.

### **Finance**

- 2.7. The Total Development Costs are estimated at £35.65m including finance costs. This includes the construction cost, contingency and all other Professional Fees related to delivering the scheme.
- 2.8. The proposal achieves the investment metrics required by the Council, generating a Net Present Value of £10m over 50 years. The project has the potential to generate a long-term income source for the Council as well as generating new business rates. The financial model for the scheme shows a small profit in the year following completion which increases to £190,000 per annum by year 5 and £698,000 per annum by year 11.

### **Planning considerations**

- 2.9. The proposed industrial intensification of the Remploy site is supported in policy terms by the Intend to Publish London Plan and is in accordance with the intended intensification of the River Road area set out within the emerging River Road Employment Area SPD.
- 2.10. Early pre-application meetings have been held with Be First Development Management and two design review have been undertaken. Constructive feedback has been received at all meetings and has been incorporated into the emerging design. Case Officers have confirmed that they support the principle of the development.
- 2.11. A full planning application for Industria was submitted on 20 November 2020 (ref 20/02298/FUL). The application is classified as a ‘major development’ and, as such, has a target determination period of 13 weeks; the final decision on this application will rest with members of Planning Committee (targeted for February 2021).

### **Delivery and Future Asset Ownership**

- 2.12. Different delivery options have been considered and evaluated. The recommended option is for the Council to deliver the project and maintain long term ownership of the site. This aligns with the Council’s approach on creating long term value - by

building the Council's asset base to generate revenue and taking a direct stake in the development process, thereby exerting control over the development that takes place. This will also meet the urgency for change - supporting the Council to intensify its employment land in order to unlock land to meet its housing targets – as well as providing encouragement to the private sector for inward investment. Delivery through Be First can also ensure employment of local people is maximised, including apprenticeships, and that ambitious targets for local labour and suppliers are achieved during the construction phase.

- 2.13. The scheme has also attracted investment from the GLA, with the project aligning with GLA's policy on Industrial Intensification and the strategic importance of this pilot exemplar project in order to unlock and influence future industrial development in London. Officers have agreed a draft Heads of Terms (HoTs) with GLA Housing & Land team on the head lease for the scheme. The draft HoTs confirmed GLA's head lease on half of the floorspace of scheme for 15 years with a break clause at year 10 at a discounted rent. This will help share the letting risk and exposure for the council.
- 2.14. In terms of future asset management, there will be a joined-up leasing effort between the GLA and LBBB, with the same leasing and management team to be appointed throughout, as reflected in the draft HoTs. In Winter 2020, officers will develop details of the head lease and joint marketing strategy with the GLA. It is recommended to undertake an open procurement together with the GLA in January 2021, to seek the best and most competitive proposal from agents and/or operator teams who will ideally provide a combined high quality letting and management service for the scheme. The appointed bidder will be expected to curate and attract high quality businesses tapping into their wider network locally and London wide, and also be experienced with management of industrial workspace, taking on the daily operational management.
- 2.15. All procurement activity will conform to the Council's Contract Rules and will be conducted in line with the legislation in place at the point the procurement commences, which at this point it will be assumed that this will be conducted under UK law, which will require notices being placed in Contracts Finder and if above threshold the requirement will need to be published in the Governments FindaTender portal.
- 2.16. The site offers the opportunity for the Council to shape its local economy and test different economic drivers that could support delivery of Borough Manifesto goals to improve job quality and local incomes and employment. With this in mind the Council may consider promoting clusters of uses in Council's identified key sectors in the site.

### **3. Options Appraisal**

- 3.1 The following alternative options have been assessed alongside the preferred option in section 2.
  - 3.1.1. **Option 1 Do Nothing** – the Council has the option to do nothing and to seek to let the lease of the property. However, this contradicts with the Council's vision and ambition set out in the Local Plan, Industrial Strategy and Inclusive Growth Strategy. This option is not recommended.

- 3.1.2. **Option 2 Sell the land to private developer** – the Council has the option to sell the land and development right to a private developer. However, the Council would lose control over the site in an area where the Council has a clear industrial intensification policy. It is also highly unlikely the private sector would come forward with a scheme of the intensity proposed. This option is not recommended.
- 3.1.3. **Option 3 Develop the site for residential** – the Council could consider developing the site for residential use only. However, given the SIL designation of the land and the planning context which would see the release of this designation as challenging and inconsistent with planning policy and is highly unlikely to gain planning consent. This approach is not recommended.
- 3.1.4. **Option 4 Develop a one-storey industrial scheme** - the Council has the option to develop the site for a traditional industrial scheme (single story industrial shed) providing a maximum 45% plot ratio (circa 4,500sqm of commercial space). However, this does not meet London Plan's policy on a minimum 65% plot ratio on industrial land development, nor the Council's aspiration on intelligent use of its industrial land. This approach is not recommended.

#### **4. Consultation**

- 4.1. In the early design phase, there were intensive consultations with both local and London industrial occupiers to ensure optimal design, layout and facilities provision, designing a product that would look attractive to potential occupiers. Engagement continued throughout to the concept design stage in summer 2020 through targeted interviews and a public local business workshop.
- 4.2. A public consultation was held in September 2020 for a 2.5 week duration, with a record of 698 visits to the consultation webpage and material. Of the 22 written responses, the majority of which are living or working locally, the scheme received generally positive comments, with the provision of a café, design aesthetics, job creation and green features highlighted as welcoming elements.
- 4.3. For the expected planning application submission in November 2020, the project will also receive further consultation feedback as part of the usual planning consultation processes.
- 4.4. Investment Panel was consulted in November 2020 and cleared the report on 17 November 2020.

#### **5. Commissioning Implications**

Implications completed by: Darren Mackin, Head of Commissioning and Programmes

- 5.1. The proposal set out here provides a good example of the way the council, via Be Frist, can develop an approach to improving the quality and quantity of jobs in the borough. IF approved this would be the first employment led scheme that Be First have been commissioned to deliver, and there is the clear potential to learn lessons from this work to inform future strategy. The scheme has strong support from the

GLA, including a commitment to pre-let some of the space to reduce the council's exposure to the market risks.

- 5.2. In the Master Plan which will go out to public consultation in December and January this area is designated for industrial intensification Therefore this proposal forms key part of a wider emerging strategy for the regeneration of Thames Road and River Road. If delivered successfully it will provide an example of the council using its investment and delivery levers to demonstrate to the market that this kind of scheme works in this part of the borough.
- 5.3. As the plans develop it will be important to link the marketing and letting strategy to the delivery of our wider strategic goals in relation to employment and enterprise. For example we should explore ways which the units can be used to support the growth of businesses in our key sectors, and also ways we can incentivise tenants of the site to offer employment and training opportunities for local residents.

## **6. Commercial Implications**

Implications completed by: Hilary Morris, Commercial Director

- 6.1. The 19/20 Be First Business Plan set out a strategy to deliver industrial modernisation, intensification, the co-location of residential schemes and lastly specific objectives in specific areas of which River Road was identified as a site where the industrial density can be significantly increased, providing new jobs. This therefore is consistent with the development strategy.
- 6.2. Be First also identified that central to delivering change in this area was the ability to develop new and more efficient, intensified industrial space. A headline deliverable for 2020/1 included the delivery this project which can showcase industrial intensification
- 6.3. Be First also identified a Business Plan aspiration to deliver 5,200 sqm commercial / industrial space in addition to delivering residential led schemes and as one of Be First's long term strategic objectives is to reduce unemployment in B&D to the East London average as well as increase Barking & Dagenham's share of East London's total GVA by 2027 the development of an exemplar scheme which is likely to contribute to more employment in the borough also supports the delivery of those objectives.
- 6.4. Be First's intention to undertake a competitive exercise to procure a letting agent is the most likely strategy to ensure the site achieves exemplar tenants and secures best value for money although it's not clear if Be First or the Council will be entering into the contract with the GLA and this should be identified. This contract will also need to be managed effectively and an agreement to ensure both parties benefit equitably from the letting should be put in place.
- 6.5. As an exemplar project the scheme should provide a positive boost for skilled employment and training opportunities and these objectives should be set out within the procurement process and maximised within the agreed lettings strategy wherever possible.



- 6.6. The scenario modelling indicates that a construction increase of 5% or a rent decrease of 10% would result in a deficit by year 3 and therefore whilst there are reasons to develop this scheme strong management of the construction and a competitive procurement of a letting agent as well as active monitoring of lettings outcome will be critical to reduce the likelihood of these risks materialising.
- 6.7. Overall, the project provides a good opportunity for the Council to show case industrial intensification and the cashflows provide a good annual profit.

## **7. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 7.1. This proposal is looking to deliver light industrial space at a 2-acre site (former Remploy Site). The Council purchased the Remploy site a number of years ago, funded from revenue, and as such the site costs are not included in the model costs.
- 7.2. The site is located within the River Road Employment Area SIL designated land, which is an employment area of strategic importance to the borough and London offering a home for a wide range of businesses and significant employment opportunities.
- 7.3. The Council secured £1m of Good Growth Fund monies from the GLA for this project, which has a deadline to be spent by March 2021.
- 7.4. Total forecast development costs are £35.6m (£34.6m of borrowing), including £812k of interest costs and £2.946m of contingency has been included. Overall the proposed scheme provides a positive return to the Council and the assumptions in the financial model are prudent.
- 7.5. For asset management when the scheme is operational, there will be a joined-up leasing effort between the GLA and LBB, with the same leasing and management team to be appointed throughout, as reflected in the draft Heads of Terms (HoT). The draft HoTs confirmed that the GLA will have the head lease on half of the floorspace of scheme for 15-year with a break clause at 10 year. This will reduce the letting risks and exposure for the council.

## **8. Legal Implications**

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 8.1. This report proposes as the preferred option a development known as 'Industria' on land owned by the Council at Creek Road, Barking, IG11 0JGH.
- 8.2. The Council is the freehold owner with the site is currently being used for the purpose of a bus depot under a contracted-out Landlord and Tenant Act 1954 lease.
- 8.3. It is proposed that GLA will be the tenant of the Council at the site which will enter into a Head Lease in due course for an occupational Lease for 15 years with a break clause after 10 years.

- 8.4. It is proposed that GLA (Lessee) and the Council (Lessor), will enter into two agreements, being firstly an Agreement for Lease and secondly an Occupational Lease. The Agreement for Lease will place an obligation on the Lessor to build and complete a new building to a predetermined specification. The Agreement for Lease will set out a detailed design and programme for the new building. The Agreement for Lease will also place an absolute obligation upon the Lessee to take the Lease of the finished building.
- 8.5. In terms of planning, key considerations are that it is located within Strategic Industrial Location (SIL) designated land. Under the Local Plan and the emerging Industrial Strategy, the Creek Road location has been earmarked for planning purposes to be as a preferred use as an employment area of strategic importance to the borough and London. Thus, developments at the site which provide for the creation and establishment of business and employment opportunities accord with the Council's current and emerging objectives for the area. As the report observes as the site is smaller than the Town and Country Planning (Mayor of London) Order 2008, Category 1B threshold of 15,000 square metres floor space and so will not need a referral to the GLA.

### **Vires**

- 8.6. The Council has the power to promote the delivery of the development utilising the general power of competence in section 1 of the Localism Act 2011 which provides sufficient power for the Council to participate in the transaction and enter into the various proposed agreements, further support is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property. Furthermore, the Council is the land owner and has the power to grant the lease as described by virtue of its power to disposal of an interest in land under section 123 Local Government Act 1972.
- 8.7. The asset is to be held in the General fund as part of the IAS.

### **Investment Aspects**

- 8.8. In exercising the power of general competence and in making any investment decisions (to the extent that any aspect of this transaction is considered to involve investment decisions), the Council must have regard to the functions for the purpose of which it is exercising the power, must act reasonably and also have regard to the following: -
- 8.9. Compliance with the Statutory Guidance on Local Government Investments (the Statutory Guidance);
- Fulfilling its fiduciary duty to tax payers;
  - Obtaining best consideration for any disposal;
  - Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State);

- Compliance with any other relevant considerations such as state aid and procurement.

8.10. The implications are that there is a responsibility on the Council to actively management and review its investment strategy and the underlying assets themselves. As the Council is under a Best Value duty under the Local Government Act 1999 to seek continuous improvement and value for money, there will be occasions when disposal of assets is the right investment decision, particularly where they will deliver a strong positive rate of return.

8.11. The legal process that has been identified in progressing the objective is by the Council making use of granting an interest by a long leasehold, which is proposed to be for 15 years. The use of a leasehold enables the Council as a landlord to govern more precisely over a period of time the use of the land by which the tenant of the land and other occupiers will be bound. This is because a lease enables a landlord to set both positive and negative requirements that is to say things that must be done, things which require the landlord's consent and things that are not permitted.

8.12. The proposed use of intensifying industry is consistent with the Councils Local Plan and the emerging masterplan for the Riverside area.

### State Aid

8.13. As local government is an emanation of the state, the Council must comply with European Law regarding State Aid. This means that local authorities cannot subsidise commercial undertakings or confer upon them an unfair economic advantage. This report does not identify any specific aspect of the proposed acquisition, which is other than a commercial transaction, thus this arrangement satisfies the requirement it is on market terms. Furthermore, in the event that there are harmful residues present on the site, there are certain grants to remediate contaminated land for housing are excluded from the State Aid Regime.

### Human Rights

8.14. As the scheme as described does not seek the use of compulsory purchase powers or displacement of any residents there does not appear to be critical risks associated with a Human Rights Act challenge, nevertheless matters should be kept under review in case such considerations should arise.

## 9. Other Implications

### 9.1 Risk Management –

Risk/Issue	Description/Mitigation	RAG
Risk (1)	<p><u>Letting risks</u> – Should the Council seek to maintain the asset in the long-term, its rental income will be impacted by its successfully letting of space, which is dependent on a successful letting strategy and the health of local economy as well as London wide industrial market.</p> <p><u>Mitigation measures</u> The head lease agreement with the GLA will reduce letting risks to the Council. It is recommended the Council to procure a specialist operator who is experienced in the industrial market to manage the letting.</p>	

Risk (2)	<p><u>Market and Covid-19 risk</u> – both the construction industry and industrial market is subject to market movement, as well as current uncertainties on Brexit and Coronavirus pandemic.</p> <p><u>Mitigation measures</u> Although there is a clear view that market is interested in multi-level industrial scheme, Be First will seek to undertake sufficient market engagement to inform its procurement strategy. The long term investment position into the scheme should help mitigate any short term downturn of the industrial market, though is currently performing strong amid the pandemic.</p>	
Risk (3)	<p><u>Rental value of units</u>– rental values of the commercial properties are subject to market movement. The project also offers new products to the market and therefore there are limited actual data to estimate the rental value.</p> <p><u>Mitigation measures</u> The project's taken on commercial advice from Glenny and Andrew Sissons Consulting which is further evidenced by latest market transaction figures benchmarked across east London. This help minimise inaccuracy on rental values.</p>	
Risk (4)	<p><u>Highways considerations</u> Risk of delay in obtaining, or not securing, relevant highways approvals. The proposal requires highways alterations involving the relocation of a bus stop, suspension of car parking spaces and movement of street furniture.</p> <p><u>Mitigation measures</u> Transport Consultant to facilitate early engagement with TfL and LBBB Highways to obtain support in principle.</p>	
Risk (5)	<p><u>Planning permission refused</u> Risk of planning permission refused by LBBB Planning Committee.</p> <p><u>Mitigation measures</u> Three pre-application meeting held with Be First Development Management to discuss any outstanding concerns. Planning Statement to provide robust justification for the proposal, drawing on the policies which support the principle of development.</p>	

9.2 **Contractual Issues** – Project will ensure sufficient legal support to complete and agree the head lease with GLA.

9.3 **Staffing Issues** - The proposal will be delivered by Be First on behalf of the Council.

9.4 **Corporate Policy and Equality Impact** – The project supports the Council's Inclusive Growth strategy, which sets out measures to improve both the quality and quantity of the jobs available in the borough. This includes efforts to attract new, higher skills, better paid jobs and sectors into the borough as well as action to improve pay, job quality and performance in the existing sectors where the majority of people currently work – in order to support delivery of the Borough Manifesto goals to improve job density, average incomes and employment rates.

The equality impact of the proposal has been considered in the Equality Impact Assessment, which is attached as Appendix 1 to this report. The proposal will have a positive impact on residents of the Borough, and of Thames Ward specifically, as it aims to create new employment opportunities, amenity spaces and improved public realm around the site.

9.5 **Safeguarding Adults and Children** – The scheme will provide new employment space and jobs.

9.6 **Health Issues** – The scheme delivers a well-designed built environment that provides maximum green features and promotes active travel. The scheme will provide new job opportunities and proposes a level of tenant amenity far more than what is expected at a typical industrial development. Relevant noise and air quality

impact assessments have been completed and have concluded the scheme will have neutral and negligible impact.

- 9.7 **Crime and Disorder Issues** - The development makes use of an underutilised brownfield site. The development proposals will therefore have a positive impact on the local community. The scheme has been subject through the planning process to Secure by Design review to reduce any crime or disorder arising from the new development.
- 9.8 **Property / Asset Issues** - The site is within the Council's ownership and is currently used as bus garage on a temporary basis. The Council will look to serve a notice in advance to achieve vacant possession for construction start. The completed scheme will be held in General Fund with relevant head lease with GLA.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices:**

- **Appendix 1: Equality Impact Assessment**