

MINUTES OF CABINET

Tuesday, 19 May 2020
(5:10 - 5:49 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Margaret Mullane, Cllr Lynda Rice and Cllr Maureen Worby

1. Declaration of Members' Interests

There were no declarations of interest.

2. Minutes (21 April 2020)

The minutes of the meeting held on 21 April 2020 were confirmed as correct.

3. Development of Land at Chequers Lane, Dagenham

The Cabinet Member for Regeneration and Social Housing presented a report on an opportunity for the Council to purchase 90 newly built affordable housing units at the former Job Centre Plus site, Chequers Lane, Dagenham, via a development agreement with Hollybrook Limited.

The Cabinet Member advised that planning permission for a development consisting of 49 x 1 bed flats and 41 x 2 bed flats, all compliant with London Plan internal space standards, was granted to Hollybrook Ltd in January 2020. However, the current economic climate meant that Hollybrook Ltd were reluctant to commence on site and an approach was made to Be First, the Council's regeneration company, to ascertain whether the Council would be willing to purchase the newly built units on a 'turn-key' basis, whereby the developer would carry all of the construction risk and the Council would make structured payments under a development agreement before taking full ownership, via the B&D Reside structure.

The Cabinet Member alluded to the wider regeneration proposals for the South Dagenham area which could be kick-started by the new development and the financial arrangements that would underpin the proposed development agreement. He also confirmed that while the Council would make a small profit from the project, the key driver was the provision of much needed, good quality affordable housing units and, to that end, it was noted that 62 units would be let at up to 80% of market rent and the remaining 28 let at London Affordable Rent (LAR) levels.

Cabinet **resolved** to:

- (i) Agree the preferred option for the project, consisting of a 100% affordable housing scheme comprising 62 Affordable Rent homes let at up to 80% of market rent and 28 London Affordable Rent (LAR) homes;
- (ii) Agree to enter into a Development Agreement with Hollybrook

Developments to deliver 90 units at a total development cost of £25,714,877 on a turn-key basis for expected completion in 2021/22, subject to satisfactory due diligence;

- (iii) Agree to the borrowing of up to £17,624,877 within the General Fund to finance the entire development, subject to satisfactory due diligence;
- (iv) Agree to allocate up to £5.29m restricted Right to Buy receipts, if required, to fund the construction and professional fees to support the financial viability of the affordable housing project;
- (v) Agree to allocate £2.8m GLA LAR grant funding, subject to a successful bid, to support the financial viability of the LAR tenure;
- (vi) Agree to allocate £69,000 for 2020/21 and £289,500 for 2021/22 (total of £358,500) to the Council's interest payable budget to cover the scheme's development costs;
- (vii) Note that the scheme met the Investment and Acquisition Strategy financial performance metrics, as outlined in Appendix 3 to the report;
- (viii) Agree to the use of an existing or the establishment of a Special Purpose Vehicle(s) as required within the B&D Reside structure to develop, own, let, sell and manage and maintain the homes in accordance with the funding terms in a loan agreement between the Council and Special Purpose Vehicle; and
- (viii) Delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance, to agree and execute any legal agreements and contract documents to fully implement the project.

4. Delivering Social Value in Barking and Dagenham

The Cabinet Member for Finance, Performance and Core Services introduced a report on a new policy framework, guidance and process to ensure that Social Value proposals and principles formed part of all significant contracts procured by the Council, in line with the Council's priorities and its obligations under the Public Services (Social Value) Act 2012.

The Cabinet Member referred to the five main themes that would underpin the Council's Social Value aims, namely:

- Investment in local people: tackling unemployment and low pay by promoting payment of the London Living Wage, securing quality employment, work experience and apprenticeship opportunities – with additional consideration for opportunities created for those facing disadvantage in the labour market (including NEETs, care leavers, young offenders and those with learning disabilities or physical and mental health conditions);
- Investment in the local economy: supporting local job creation by sourcing goods and services from organisations with premises/operations based in the Borough and supporting initiatives to build the capacity of local suppliers;
- Environmental sustainability: reducing waste and single-use plastics, promoting

recycling and sustainable energy, supporting local growing initiatives and other activities to improve the local environment and air quality;

- Community participation and engagement: procuring from organisations with a social purpose, involving citizens in service design and decisions, and helping to build the capacity of local civil society organisations such as through volunteering, mentoring and provision of facilities;
- People, resilience and independence: supporting local initiatives to improve health and wellbeing by tackling key local issues such as high levels of obesity, anti-social behaviour and domestic abuse.

Potential contractors would be required to present a delivery plan and method statement setting out their commitments and how they would be delivered, including how they would work with local partners and ensure compliance in their wider supply chain where relevant. The requirements would apply to all contracts over £100,000, with commissioners able to apply it to lower value contracts on a discretionary basis, and a minimum weighting of 10% (up to a maximum of 20% on a discretionary basis) would be applied to the tender evaluation criteria in recognition of the importance of Social Value alongside cost and quality considerations. With regard to construction contracts, there would be specific benchmarks to reflect good practice in the construction sector and the Unite Construction Charter, which the Council and Be First signed in June 2019, and a wider strategy would be developed to support contractors to deliver a programme of events and encourage local suppliers to access procurement opportunities. Section 106 Employment, Skills and Supply Chain Agreements would also form part of the conditions applied to planning consents for all major development projects in the Borough

The Cabinet Member confirmed that a new post of Social Value Coordinator had been established to support procurement and commissioning teams to implement and enforce Social Value and to monitor progress across the Council, with the successful candidate expected to be in post in the coming months.

The Cabinet Member for Employment, Skills and Aspiration reiterated some of the benefits referred to in the key themes and their links to the Borough Manifesto and other Council policies and strategies. The intention was for the new policy to be launched in Summer 2020 to coincide with an online public consultation and the arrangements would be kept under continual review, particularly in the first year, to ensure the best possible outcomes.

Cabinet Members spoke in overwhelming support of the new approach and thanks were conveyed to all those involved in the development of the proposals. Particular mention was also made of the role of local partners including schools, colleges and Coventry University London in the development, promotion and delivery of Social Value in the Borough and the recognition that Social Value would be additional to the usual core contractual requirements, with potential contractors expected to embrace the aims and objectives and not merely meet minimum expectations.

Cabinet **resolved** to:

- (i) Agree the policy and approach to Social Value as set out in the report;

- (ii) Note the proposed monitoring, compliance and implementation process and plans; and
- (iii) Authorise the Director of Inclusive Growth, in consultation with the Cabinet Members for Employment, Skills and Aspiration and Finance, Performance and Core Services, to make any appropriate amendments to the documents and approach arising from best practice initiatives or valid representations from the general public and/or civil society partners.

5. Retrofit Accelerator Programme for Corporate Assets

The Cabinet Member for Regeneration and Social Housing introduced a report on proposals to procure specialist advice to support the Council's programme of retrofitting existing housing stock and corporate assets as part of its commitment to reach a net zero carbon target by 2030.

The Council had been utilising technical support from the Mayor of London's Retrofit Accelerator Programme Delivery Unit (PDU) to benchmark energy information and identify potential carbon and financial savings from the Council's corporate estate. The new procurement would draw on that expertise and seek a specialist partner to work with the Council to develop an optimal programme of works to deliver the highest level of savings across the estate.

Cabinet Members spoke in support of the project and the Cabinet Member for Educational Attainment and School Improvement particularly welcomed the commitment to expand the scope of the project to the Borough's schools and colleges. The Cabinet Member for Finance, Performance and Core Services also referred to the desktop assessment of the Council's top 32 buildings for energy consumption which suggested that the retrofitting exercise could result in savings of over £300,000 per annum and a reduction in CO2 emissions of 955 tCO2, with the potential for even greater savings should some of those buildings be deemed surplus to requirements in the light of changes to working practices.

Cabinet **resolved** to:

- (i) Agree to use the Retrofit Accelerator Framework to support the Council's general retrofitting programme and develop the Partner Bid tender to procure a suitable service provider to devise High Level Appraisals for retrofitting corporate assets; and
- (ii) Delegate authority to the Director of Inclusive Growth, in consultation with the Cabinet Member for Regeneration and Social Housing and the Director of Law and Governance, to enter into the contracts and all other necessary or ancillary agreements set out in this report.

6. Minute's Applause

The Chair led the Cabinet Members in a minute's applause in appreciation of the efforts of the entire Council workforce, and particularly those providing front-line services to the local community, during the current COVID-19 pandemic.