

Notice of Meeting

CABINET

Tuesday, 19 May 2020 - 5:00 pm
Meeting to be held virtually

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and 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

Date of publication: 11 May 2020

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Chief Executive

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Please note that this meeting will be webcast to enable the press and public to listen in to the proceedings of this 'virtual' meeting. To view the webcast click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.

3. Minutes - To confirm as correct the minutes of the meeting held on 21 April 2020 (Pages 3 - 13)

4. Development of Land at Chequers Lane, Dagenham (Pages 15 - 32)

Appendices 2 and 3 to the report are exempt from publication under the provisions of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), as they contain commercially confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5. **Delivering Social Value in Barking and Dagenham (Pages 33 - 66)**
6. **Retrofit Accelerator Programme for Corporate Assets (Pages 67 - 74)**
7. **Any other public items which the Chair decides are urgent**
8. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. ***There are no other such items at the time of preparing this agenda, other than those referred to above.***

9. **Any other confidential or exempt items which the Chair decides are urgent**



Our Vision for Barking and Dagenham

ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND

Our Priorities

A New Kind of Council

- Build a well-run organisation
- Ensure relentlessly reliable services
- Develop place-based partnerships

Empowering People

- Enable greater independence whilst protecting the most vulnerable
- Strengthen our services for all
- Intervene earlier

Inclusive Growth

- Develop our aspirational and affordable housing offer
- Shape great places and strong communities through regeneration
- Encourage enterprise and enable employment

Citizenship and Participation

- Harness culture and increase opportunity
- Encourage civic pride and social responsibility
- Strengthen partnerships, participation and a place-based approach

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MINUTES OF CABINET

Tuesday, 21 April 2020
(5:02 - 7:09 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

Also Present: Cllr Irma Freeborn

122. Chair's Opening Statement and Minute's Silence

The Chair explained that this evening's Cabinet meeting was being held virtually in view of the COVID-19 pandemic restrictions and he read an opening statement advising on the logistical arrangements for the meeting. The Chair then called on all those participating in the meeting to observe a minute's silence in memory of the 37 Borough residents who had lost their lives as a result of the pandemic.

123. Declaration of Members' Interests

There were no declarations of interest.

124. Minutes (17 March 2020)

The minutes of the meeting held on 17 March 2020 were confirmed as correct.

125. COVID-19 Financial Governance and Measures

The Cabinet Member for Finance, Performance and Core Services introduced a report that summarised the measures put in place by the Council to date in response to the COVID-19 pandemic and the financial measures to support local residents and businesses.

The Cabinet Member referred to the unprecedented circumstances resulting from the COVID-19 pandemic and the responsibility of the Council to do all that it could to support the local community. The Government had allocated an initial £1.6bn to local authorities to meet additional costs, of which Barking and Dagenham's allocation was £6.3m. A further £1.6bn allocation had recently been announced and other funds had been created to support those in receipt of Council Tax Support and the business community. While the Cabinet Member welcomed the extra funding, he stressed that it was important "to thrive and not just survive" and much more was needed for the Council and its partners to be able to meet the additional costs associated with social care provision and support those others most affected and at risk.

The Cabinet Member acknowledged the excellent work being undertaken across the Council and gave the example of the Business Rates Team, who had dealt with over 900 requests for support and information over the past weekend. The Council had also put in place measures to support its contractors and suppliers to

ensure continuity of service.

With all that in mind, the report was seeking a range of delegations to the Chief Financial Officer to enable grant funding to be allocated where it was most needed and to continue to support contractors and suppliers. In respect of the latter, the Cabinet Member referred to a slight amendment to the final recommendation in the report as he wished to extend the delegation to include any agreements, as well as contracts.

In response to questions and other observations, the Cabinet Member clarified some of the steps being taken to support the business community and encouraged those who needed help and advice to contact the Council.

Cabinet **resolved** to:

- (i) Delegate authority to the Chief Financial Officer to allocate the Emergency COVID-19 funding from Central Government (initial allocation: £6.3m) to meet the following priorities:
 - Meet the increased demand for adult social care and enable the Council to provide additional support to social care providers.
 - Support Clinical Commissioning Groups in discharging and keeping people out of hospital.
 - Meet the cost of extra demand and higher business-as-usual costs of providing children's social care.
 - Provide additional support for the homeless and rough sleepers.
 - Support those at higher risk of severe illness from COVID-19.
 - Meet pressures across other services, as a result of reduced income, rising costs or increased demand.
- (ii) Note that the Government has recommended that payment to providers of essential services to the London Borough of Barking and Dagenham continue to be made on the basis of them providing the contracted service regardless of their temporary ability to fulfil their contractual obligations, and delegate authority to determine the providers to who this applies to the Chief Financial Officer;
- (iii) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to amend or refine the criteria for allocation of the Emergency COVID-19 funding; and
- (iv) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to modify or extend contracts and agreements that may be required as a result of the impact of COVID-19.

126. Urgent Action: Sport and Leisure Management Support Package

The Cabinet Member for Finance, Performance and Core Services advised on action taken by the Chief Executive, on behalf of the Cabinet, to support the Council's leisure centre provider, Sport and Leisure Management Limited (SLM),

during the COVID-19 pandemic following the closure of all centres within the Borough.

The Cabinet Member explained that in order to ensure that leisure centre staff were paid during April, in advance of the implementation of the Government's Coronavirus Job Retention Scheme, it had been agreed to provide a loan of £241,000 as well as other financial measures to support SLM's cashflow position.

Cabinet **resolved** to note the action taken by the Chief Executive, in accordance with the Urgent Action procedures set out in Part 2, Chapter 16, paragraph 4 and the Special Urgency provision under Part 2, Chapter 17, paragraph 15 of the Council Constitution, in relation to approving a financial support package for SLM in the light of the enforced closure of the Borough's leisure centres due to the COVID-19 pandemic.

127. Be First Business Plan 2020-25

The Cabinet Member for Finance, Performance and Core Services presented the five-year rolling Business Plan of Be First for the period 2020-2025, the Council-owned company launched on 1 October 2017 with the key objective of driving forward the delivery of the Council's regeneration agenda.

The Cabinet Member drew attention to the main aspects within the Business Plan which covered a review of the last 12 months' activities, the plans for the year ahead and the medium-term perspective. Key commitments in the Business Plan included:

- The delivery of 116 new homes in 2020/21 from four development projects and the commencement of seven new development projects to deliver a further 938 homes up to 2024/25, with an average of 73% affordable housing;
- A masterplan for Thames Road to include mixed-use residential development and enhanced employment offer;
- Securing planning permission for and commencing construction of the Film Studios at the former Sanofi site, Dagenham East;
- Developing a vision for Dagenham Dock that focuses on opportunities from the wholesale markets;
- Delivering improvements to the look and feel of Barking Station;
- Attracting a major development partner for Barking Town Centre;
- Completing a number of strategic masterplans and the Borough Local Plan; and
- Being on target to exceed its contractual commitment of achieving a surplus of £10.3m by 31 March 2021, which would go towards funding other Council services to the local community.

The Cabinet Member stressed, however, that the Be First Business Plan and the other Business Plans on the agenda had been developed prior to the COVID-19 pandemic and represented the "business as usual" perspective. It would be necessary, therefore, for the Council and its commercial entities to continually monitor the situation and review plans accordingly. The Cabinet Member alluded to the risks associated with project delivery and the cost of borrowing highlighted within the report and added that these could be compounded by the restrictions brought about by COVID-19, although he also referred to potential opportunities

that may arise.

The Cabinet Member for Regeneration and Social Housing gave an update on a number of the major redevelopment and other projects that Be First were involved with. Cabinet Members also discussed the merits of Be First's operating model which had a significant focus on providing housing for all, in line with the Council's objective of "no one left behind", and welcomed the opportunity to work with all politicians and particularly the new Labour Party leadership to further the Council's aspirations.

Cabinet **resolved** to:

- (i) Approve the Be First Business Plan 2020-2025 at Appendix 1 to the report;
- (ii) Authorise the Chief Operating Officer, in consultation with the Investment Panel, to take all necessary action to enable Be First to carry out its proposals under the Business Plan and to agree any minor variations to the business plan subject to the conditions in these recommendations;
- (iii) Approve Be First or the Council to enter into any procurement related agreement or commitment required to enable the delivery of the Business Plan subject to compliance with relevant procurement regulation and compliance with State Aid rules;
- (iv) Agree that if Be First enter into contractual arrangements described in the Business Plan and the report, the Council shall give a guarantee to the Contractor under such contract guaranteeing performance of the contract by Be First subject to Be First being satisfied that the Contractor is able to perform the Contract and all necessary due diligence being undertaken;
- (v) Authorise the Chief Operating Officer to enter into any such guarantee and any necessary documents to give effect to the contractual arrangements so described, subject to the above conditions and the advice of the Director of Law and Governance;
- (vi) Agree to vary the existing loan facility as outlined in the report subject to the existing conditions relating to it; and
- (vii) Authorise the Chief Operating Officer, in consultation with the Investment Panel, to grant loans, any other relevant approvals on behalf of the Council which may be relevant or required for the specific project and complete all necessary documents and negotiations to complete the projects set out in the Business Plan, subject to all necessary due diligence and compliance with State Aid law, the Public Contracts Regulations 2015 (or any replacement thereof) and the Council's Constitution.

128. Barking and Dagenham Trading Partnership Business Plan 2020-23

The Cabinet Member for Finance, Performance and Core Services introduced the 2020-2023 Business Plan of the Barking and Dagenham Trading Partnership (BDTP) and its three trading entities, namely BD Services, BD Together and Londoneast UK Limited (LEUK).

The Cabinet Member referred to BDTP's main achievements in 2019/20, which included a predicted higher level of dividend return to the Council through securing additional work streams not included in the previous Business Plan, enhancing the skills of the workforce and attracting major educational and other organisations to the LEUK site at Dagenham East.

The plans for the next three years had a much greater focus than before on external growth, with a commitment to recruit 60 new operatives in BD Services alongside the creation of other new employment opportunities for local people. BDTP also intended to develop proposals to become more independent from the Council. The Cabinet Member repeated that the Business Plan would be subject to review due to the COVID-19 pandemic but in its present form it represented a robust benchmark of what BDTP intended to achieve and would allow the Council and BDTP, through the Shareholder Panel, to review arrangements going forward.

Cabinet **resolved** to:

- (i) Approve the Barking and Dagenham Trading Partnership Business Plan 2020-2023 at Appendix 1 to the report; and
- (ii) Approve Barking and Dagenham Trading Partnership to enter into any procurement related agreement or commitment required to enable the delivery of the Business Plan subject to:
 - a). Compliance with relevant procurement regulation
 - b). Compliance with relevant procurement law
 - c). BDTP's compliance with its own scheme of delegation
 - d). Compliance with state aid rules, and
 - e). Any other relevant approvals by the Council which may be relevant or required for the specific project.

129. Barking and Dagenham School Improvement Partnership Business Plan 2020-23

The Cabinet Member for Finance, Performance and Core Services introduced the 2020-2023 Business Plan of the Barking and Dagenham School Improvement Partnership (BDSIP), a school-led, not-for-profit company in which the Council was a minority (19%) shareholder.

The Cabinet Member explained that primary focus of the BDSIP was to become local schools' most trusted partner, working with them to deliver the best possible outcomes for the Borough's young people. Since its launch in 2018, BDSIP had focused on updating and improving its offer to schools and new services during the past year had included primary careers, counselling, speech and language therapy and continued professional development. The commitments for 2020-2023 included the introduction of at least two new services each year, to be developed in response to schools' emerging needs, and an aspiration for all schools in the Borough to be rated 'good' or 'outstanding' by 2023. BDSIP had also been successful in securing external funding from the Department for Culture, Media and Sport to support the development of its services and culture change within the business.

As with the earlier Business Plans, the Cabinet Member confirmed that the BDSIP Business Plan would be kept under review, overseen by the Shareholder Panel, in view of the potential impact of COVID-19.

The Cabinet Member for Educational Attainment and School Improvement spoke on the excellent work undertaken via the partnership and, in response to a question, confirmed that all of the Borough's community schools and 13 Free / Academy schools were members of the SIP.

Cabinet **resolved** to endorse the BDSIP Business Plan 2020-2023 at Appendix 1 to the report.

130. Establishment of New Additional Resource Provisions and Expansion of the Further Education Centre at Trinity Special School

The Cabinet Member for Educational Attainment and School Improvement introduced a report on the proposed formal establishment of Additional Resource Provisions (ARPs) at three mainstream schools and the expansion of the Further Education Centre (FEC) at Trinity Special School, to help meet increasing demand for specialist provision in the Borough.

The Cabinet Member advised that ARPs were designed to provide vital specialist and targeted support for pupils with long-term special educational needs or disabilities (SEND). The three new ARPs would specialise in autism and create a total of 60 permanent places at Barking Abbey Secondary School, Thomas Arnold Primary School and Grafton Primary School.

The Further Education Centre (FEC) at Trinity School catered for young people between 16 and 19 years of age with complex and severe or profound learning difficulties, promoting the development of independent living skills within a vocational skills framework. The existing provision catered for up to 60 students and the Cabinet Member advised that the intention was to increase that number to 90 permanent places.

The Cabinet Member referred to the funding arrangements for the expansions and the consultation that had taken place with parents, carers and other statutory bodies.

Cabinet **resolved** to:

- (i) Agree the permanent establishment of three Additionally Resourced Provisions (ARPs) at the following schools for pupils with a diagnosis of autism, each to have between 12 to 24 places with effect from the summer term 2020:
 - Barking Abbey Secondary School
 - Thomas Arnold Primary School
 - Grafton Primary School
- (ii) Agree to the expansion of the Further Education Centre (FEC) at Trinity Special School for pupils with complex and severe or profound learning

difficulties by an additional 30 places, to 90 places, with effect from the start of the winter term 2020.

131. Purchase of the Heathway Shopping Centre Long-Leasehold Interest

The Cabinet Member for Finance, Performance and Core Services presented a report on the opportunity for the Council to purchase the long leasehold of the Dagenham Heathway Shopping Centre.

The Shopping Centre and Millard Terrace, the 156-unit residential housing estate on the upper deck, were constructed in 1988. The Cabinet Member advised that whilst the floorspace occupancy levels at the Shopping Centre were high and the area was popular with local residents, the current unit sizes and internal arrangements undermined its potential. However, the most significant concerns related to the Millard Terrace housing estate which had recurring repair problems and compromised accommodation.

The entire site had been identified as a medium to long term regeneration opportunity for inclusion in the Borough Extended Estates Programme 2023 – 2033 and Be First's latest Business Plan included initial feasibility work. The Cabinet Member commented that the purchase of the long leasehold of the Shopping Centre would enable the Council and Be First to accelerate the redevelopment timeline and promote a high-quality, comprehensive regeneration scheme consisting of between 400 – 500 new residential units and refreshed retail provision. Therefore, while the purchase of the long leasehold represented a solid investment opportunity for the Council in itself, the marriage value associated with owning the entire site would give rise to significant additional benefits.

Cabinet Members spoke in strong support of the proposal and the wider regeneration benefits that would stem from it.

Cabinet **resolved** to:

- (i) Agree to purchase the long leasehold interest in the Heathway Shopping Centre for an acceptable value subject to not exceeding the maximum purchase price set out in Appendix 1 to the report;
- (ii) Authorise the Chief Operating Officer to agree and approve an asset management strategy for the Shopping Centre;
- (iii) Note that the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) shall apply with the transfer of the Shopping Centre Manager to Be First; and
- (iv) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Member for Finance, Performance and Core Services, to agree and execute all the necessary legal agreements, contracts and other documents associated with the resolution subject to satisfactory due diligence.

132. The New Corporate Plan 2020-22

The Cabinet Member for Finance, Performance and Core Services introduced the new Corporate Plan for 2020-22, setting out the Council's vision, priorities and targets for the next two years.

The Cabinet Member explained that the new Corporate Plan, and the Single Performance Framework (SPF) that accompanied it, had been developed prior to the COVID-19 pandemic. Therefore, much of the content of the documents would need to be reviewed in the light of lessons learned from the pandemic, the impact of the restrictions on performance and target levels and the way that the Council provided services going forward. The Cabinet Member commented, however, that the current version of the new Corporate Plan and SPF represented a baseline and benchmark for challenge of what was deemed achievable prior to COVID-19.

Cabinet Members spoke on a number of aspects of the Corporate Plan and SPF and the consequential impact of COVID-19 which included:

- The inability to address many of the aspirations and targets during the current situation;
- The improved relationship with health partners which had helped to provide more co-ordinated services to the local community;
- The significant benefits during the current crisis of earlier Council initiatives such as BD CAN, the community-based project co-ordinated by the Council with the support of BD Collective which connects volunteer support with people who need help;
- The recognition that masterplans for major redevelopment projects such as Chadwell Heath Industrial Estate and Thames Road properly reflect social infrastructure needs such as school place provision;
- Equalities and diversity issues being at the forefront of Council's policies;
- The very positive response from residents to the Council and its staff's efforts to continue to provide vital front-line services such as refuse collection and street cleansing;
- A request that local residents safely dispose of protective equipment to help prevent the spread of the disease;
- The speed at which the Council was able to transform the way that it provided its services when the restrictions were introduced, with over 75% of staff now working from home while the remaining staff continue to provide front-line services;
- Plans to organise a "Barking and Dagenham Thank You Festival" once social distancing restrictions were lifted.

Cabinet **resolved** to recommend the Assembly to approve the new Corporate Plan 2020-22 at Appendix 1 to the report.

133. Future Location of Multi Agency Safeguarding Hub (MASH)

The Cabinet Member for Social Care and Health Integration presented a report on the realignment of the management responsibilities relating to the Multi Agency Safeguarding Hub (MASH), which acted as the single point of entry for all referrals regarding safeguarding concerns for a child or young person.

The Cabinet Member advised that over the last year, the Children's Care and Support service had undergone significant change in line with the Improvement Programme initiated after the Ofsted inspection of early 2019. A new Target Operating Model had been established and significant joint working had been undertaken with the MASH to embed a new social work practice model and improve partnership working.

Reflecting on that work, it was felt that in order to be fully aligned and integrated with the improved Assessment Service and Children's Safeguarding Team, the management responsibility of the MASH would now be better placed in the Children's Care and Support service as opposed to its current location in Community Solutions.

Cabinet **resolved** to note the decision to relocate the MASH under new oversight in Children's Care and Support, whilst maintaining strong links with other front door services in Community Solutions, and to recommend that Overview and Scrutiny Committee receives a report on the progress of the MASH in its new home in April 2021.

134. Contract for the Provision of Bespoke Packages for Children's Care Services

Further to Minute 53 (13 November 2018), the Cabinet Member for Social Care and Health Integration reported on new proposals relating to the procurement of a two-year framework contract for the provision of a Bespoke Packages of Care Service for Children in Need, Children in Care and Children subject to a Child Protection Plan.

The Cabinet Member advised that the new Target Operating Model within Children's Care and Support, as referred to in the previous agenda item, had seen the introduction of a new Specialist Intervention Service (SIS) and the cessation of the Access to Resource Team (ART) service. The new Family Support team under the SIS would have a similar remit to provide bespoke intervention services and, therefore, the tender specification had been reviewed to align the work of that team with the new SIS.

Cabinet **resolved** to:

- (i) Agree the updated arrangements for the procurement of a two-year framework contract for the provision of a Bespoke Packages of Care Service for Children in Need, Children in Care and Children subject to a Child Protection Plan, in accordance with the Council's Contract Rules and the strategy set out in the report; and
- (ii) Delegate authority to the Director of People and Resilience, in consultation with the Cabinet Member for Social Care and Health Integration, the Chief Operating Officer and the Director of Law and Governance, to award and enter into the framework agreements and all other necessary or ancillary agreements with the successful bidders.

135. Oracle Enterprise Resource Planning (ERP) System - Procurement of Replacement Solution

The Cabinet Member for Finance, Performance and Core Services introduced a report on proposals to procure a new contract for the provision of a new Enterprise Resource Planning (ERP) system to support the Council's Human Resources, Payroll, Finance, Purchasing, Expenses and Debtor activities.

The Cabinet Member advised that the current ERP system, Oracle e-Business Suite Release 12.1.3, would not be supported beyond December 2021. Officers had considered a range of options and the preferred model was to procure a Cloud Software as a Service (Cloud SaaS) solution whereby the contracted organisation would host the ERP solution on behalf of the Council under an initial five-year contract with the option to extend for a further five years (in one-year increments).

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a contract for a replacement ERP system in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services, the Finance Director and the Director of Law and Governance, to conduct the procurement and enter into the contract and all other necessary or ancillary agreements with the successful bidder(s) [and/or other related parties] in accordance with the strategy set out in the report.

136. Procurement of a Replacement Customer Relationship Management and IT Service Management System

The Cabinet Member for Finance, Performance and Core Services presented a report on proposals to procure a replacement Customer Relationship Management (CRM) System and Information Technology Service Management (ITSM) System.

The Cabinet Member advised that as the Council's partnership with Agilisys would end in December 2020, it was necessary to procure new solutions that would offer the functionality and flexibility to meet current and future service requirements. An assessment of options had identified the purchase of a joint CRM and ITSM system under a single, maximum four-year contract as the preferred route.

Cabinet **resolved** to:

- (i) Agree that the Council proceeds with the procurement of a new Customer Relationship Management System and IT Service Management System in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to award and enter into contract(s) / agreement(s) and any periods of extension with the chosen supplier.

137. Minute's Applause

The Chair took the opportunity to call on those participating in the meeting to join him a minute's applause as a mark of appreciation to all those who were providing support to others during the current COVID-19 pandemic, especially those working on the front-line of the NHS, care home and hospice staff and the Council's workforce, who were helping to keep essential services running and save lives.

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CABINET

19 May 2020

Title: Development of Land at Chequers Lane, Dagenham	
Report of the Cabinet Member for Regeneration and Social Housing	
Open Report with Exempt Appendices 2 & 3 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	For Decision
Wards Affected: River	Key Decision: Yes
Report Author: Neil Double, Be First	Contact Details: E-mail: neil.double@befirst.london
Accountable Director: Ed Skeates, Development Director, Be First	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer, and Graeme Cooke, Director of Inclusive Growth	
<p>Summary</p> <p>In July 2019, Be First were approached by developer Hollybrook Limited with the opportunity to purchase a turn-key development at the site known as Department of Employment, Chequers Lane, Dagenham, RM9 6PS. The site (shown in appendix 1) measures approximately 0.19 hectares and is located directly east of Chequers Lane, Dagenham. The site is currently vacant. The site was previously occupied by a two-storey brick building which formerly accommodated the Job Centre Plus until March 2018.</p> <p>Hollybrook Limited own the site freehold and secured planning permission in January 2020 (planning application no: 19/01724/FUL). The scheme comprises 90 homes in a nine-storey brick clad building with associated landscaping, access and parking. The unit mix approved is 49 x 1 bed flats and 41 x 2 bed flats</p> <p>The proposal is that the Council purchase the development from Hollybrook Limited on a turn-key basis via development agreement, subject to satisfactory technical and legal due diligence. Be First, on behalf of the Council would manage the transaction and development process to practical completion. The scheme would be held and operated by BD Reside as part of their affordable residential portfolio with any financial surplus made being paid back to the Council. The total development cost, inclusive of fees and interest, would be circa £25.7m.</p> <p>There are significant regeneration benefits for the Council in purchasing this site and bringing forward its development .</p> <p>The site is close to the Chequers corner local centre which has declined significantly in recent years and will generate retail footfall there. It is also close to a number of other significant sites backing on the the former Ford DTSO (stamping plant) and being close to two sites adjacent to Dagenham Dock station.</p>	

The current owner is unable to bring forward development but if the Council was to do so, delivering an affordable housing product which is not as location sensitive as private sale units or vulnerable to falling demand, this would improve the attractiveness and viability of development on the surrounding sites and act as a catalyst to get the market moving.

Buying the building as a whole from an integrated developer contractor also enables the Council to acquire units at a price below that at which we could construct them. While the fact that the units would not be delivered without Council intervention attracts a significant amount of financial support from the GLA.

Recommendation(s)

The Cabinet is recommended 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 £69k for 2020/21 and £289.5k for 2021/22 (total of £358.5k) to the Council's interest payable budget to cover the scheme's development costs;
- (vii) Note that the scheme meets the Investment and Acquisition Strategy financial performance metrics, as outlined in Appendix 3;
- (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, sale 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.

Reason(s)

This project primarily helps deliver on the objectives of Inclusive Growth and A New Kind of Council

- Building affordable housing and sustainable communities
- Support the social and economic regeneration of the South Dagenham area
- Accelerate the delivery of new homes that might otherwise not be delivered as quickly
- Contribute to growing the Council's residential portfolio
- Deliver a financial return to the council through a long-term income stream

1. Introduction and Background

- 1.1 The development opportunity at Chequers Lane has been offered to Be First and the Council by Hollybrook Ltd (Registered No: 06867406) as a turn-key solution to deliver affordable homes and help Be First accelerate delivery of affordable housing within the borough.
- 1.2 Hollybrook Ltd are an established, family run developer/contractor, operating in the UK, EU and USA. They have been operating for over 30 years and have built schemes across London, including Knights Road in Silvertown and Odessa in Rotherhithe for several leading housing associations.
- 1.3 The site measures approximately 0.19 hectares and is located directly east of Chequers Lane, Dagenham. The site is broadly square-shaped and is currently vacant. The site was previously occupied by a two-storey brick building which formerly accommodated the Job Centre Plus until March 2018. The surrounding area, mainly commercial at present, forms part of the 'South Dagenham Regeneration Area' a key future housing area as identified by Mayoral and Local Planning Policy. The site has a PTAL of 3 (moderate) and is relatively well served by public transport with Dagenham Dock railway station 0.5km to the south and Dagenham Heathway station 1.5km to the north.
- 1.4 The Chequers Lane scheme was granted planning permission in January 2020. The scheme comprises 90 homes in a nine-storey brick clad building with associated landscaping, access and parking. The unit mix approved is 49 x 1 bed flats and 41 x 2 bed flats. All units are London Plan internal space standards compliant and all have private and communal amenity space that meets the Mayor's guidance. Children play space is also provided which exceeds the Mayor's policy. The development is 'car-free' except for 3 blue badge parking spaces.
- 1.5 The scheme sits within and will help support the wider regeneration area of South Dagenham / Beam Park which has and will continue to undergo significant long-term investment and regeneration over the next ten to twenty years. Investing in this area now will help accelerate regeneration efforts and may assist the Council in reaping longer-term financial benefits from an uplift in values once regeneration takes effect.
- 1.6 The developer has indicated that they would be unlikely to build out this planning permission at present without Council involvement. Therefore, there is a strong case to be made for Council involvement in order to support and accelerate the continued regeneration of this part of the borough whilst generating a modest financial return.

2. Proposal and Issues

- 2.1 The proposal is that the Council purchase the development from Hollybrook Limited on a turn-key basis via a development agreement (subject to satisfactory technical and legal due diligence) for the sum set out in the draft Heads of Terms document at Appendix 2 (this appendix is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation - paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information). Be First, on behalf of the Council would manage the transaction and development process to practical completion. The scheme would be held and operated by BD Reside as part of their affordable residential portfolio with any financial surplus made being paid back to the Council.
- 2.2 Payment terms are subject to agreement, but will include a deposit on entering into contract, a golden brick payment followed by a monthly drawdown for the duration of the development. The site is held in an SPV by the Hollybrook and ownership will transfer to LBBB/Reside following the Golden Brick payment.
- 2.3 Reside and My Place have been consulted with regards to tenure, unit mix and specification, and discussions have been held to optimise available grant funding to determine desired unit mix. Discussions with the GLA have been positive and indicated that £2.8m of grant to support the London Affordable Rent (LAR) units should be available to the Council if the decision to progress was taken.
- 2.4 Chequers Lane is not included in the Be First Business Plan list of sites that form the Council's Investment Programme, which forecasts completion of developments in financial year 2021/22. The scheme can be delivered within the financial year 2021/22 as additional units to those currently in the Be First Business Plan.
- 2.5 The development agreement will have provision for Be First to have step in rights to complete the development should the developer fail, and a full suite of warranties will be provided from all designers and sub-contractors who have design input into the scheme.
- 2.6 Subject to Cabinet approval, final technical and legal due diligence will be undertaken by Be First prior to the Council signing the development agreement. The cost of undertaking this work has been included in the Total Scheme Costs.
- 2.7 The turn-key solution provides a number of benefits to the Council, including:
- Risk - A lower risk delivery option for the Council with the Developer taking all construction cost risk in lieu of an agreed fixed price.
 - Regeneration - Offering the opportunity to unlock a development site and take a proactive role in investing in the future regeneration of the South Dagenham area.
 - Delivery certainty – the scheme has planning permission, but the developer has indicated that they wouldn't built out the scheme at present without Council involvement.
 - Quicker delivery and income - with the scheme being on site early 2020 and completed in 2021/22 resulting in operational income for Reside without the long-lead in times associated with the traditional new build schemes.

- Asset value growth – given the low base of values in the area this scheme has the potential for capital and rental growth subject to wider regeneration plans being implemented.

2.8 Key financial metrics on the proposed deal are included in Appendix 3 (this appendix is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation - paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

3. Options Appraisal

3.1

Option	Advantages	Disadvantages
Do Nothing	No cost to the Council	Homes are not delivered as quickly Homes not added to Council's residential portfolio Loss of revenue income No delivery control
As set out in recommendation	Delivery of affordable homes Income generation Support the regeneration of South Dagenham More control over delivery timeframes	More risk than doing nothing – however risk can be managed given fixed price deal

4. Consultation

4.1 The development was subject to community consultation through the planning process. No objections to the development were raised.

4.2 The proposals in this report were considered and endorsed by the Council's Investment Panel on 15 April 2020.

5. Commissioning Implications

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

5.1 The delivery of the development would provide a welcome contribution to meeting housing need through the delivery of 90 affordable housing units, while achieving an acceptable tenure and bedroom size mix for a development in this part of the borough. Resdie have indicated that they would be confident in renting the units as specified when they are delivered. Without this intervention is unlikely the units will be delivered in the short or medium term by the private sector, and the affordable element would be unlikely to go beyond the planning compliant minimum, unlike this proposal which will all be rented at below market level.

- 5.2 In addition to this, and as the report has set out delivering the scheme has the potential to provide a catalyst for wider development to be brought forward in this area. This could contribute considerably to our housing target and support the delivery of our wider aims for Inclusive Growth in the borough. An active role as a landlord (through Reside) will give the council a greater ability to influence and shape the way the wider area will develop in coming years.

6. Commercial Implications

Implications completed by: Hilary Morris, Commercial Lead

- 6.1 The report requests authority to purchase the Chequers Lane turn-key scheme to deliver a 90 unit development from a developer for an agreed price which has been reduced by 5% and provides summary information on the transaction. This scheme has been noted as a potential investment in the 2020/25 Be First Business Plan which is being considered by Cabinet in April 2020.
- 6.2 Although the scheme has received planning permission the report acknowledges that in the current economic climate the scheme is unlikely to be built out without intervention. Therefore, although this will not contribute any 'new' homes to the borough in planning terms, it will ensure the development of the site and therefore give certainty of delivery of the scheme.
- 6.3 The Council would take no construction risk during the build phase but as the asset would be held within an SPV, as the report outlines it will be necessary to ensure appropriate security measures are contractually agreed to safeguard the council's interest including charges, guarantees and step-in rights with the contractor. The report notes that Liquidated and Ascertained Damages (LADs) will also form part of the package with the developer. It would be recommended for the outcome of those negotiations to be presented to the Council before finalising.
- 6.4 As part of initial due diligence Be First have undertaken a credit check on the developer which indicates a low risk of business failure although it must be noted that the report highlights the company has a large sum owed on short term finance which could pose additional risk with respect to the likelihood of business failure in the current environment. Be First should ensure this and any other business failure risks are considered and mitigated as much as possible in the negotiations regarding security of the asset and any funds forwarded to it through golden brick or other advance payments.
- 6.5 Be First have outlined that they will procure their legal and technical advisors independently and from frameworks but must ensure they follow all legal and company governance in undertaking that appointment.
- 6.6 In line with other delegated decisions, Be First must ensure a delegated authority report is completed and signed by the Chief Operating Officer once the final terms have been agreed with the developer. This report should set out the detail of the final terms and note the outcome of the due diligence including how the agreement addresses the comments raised in the implications.

7. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 7.1 The report outlines a turnkey investment opportunity for the Council to invest in. Chequers is currently held in an SPV by the developer and ownership will transfer to LBBB/Reside following the Golden Brick payment. The costs to manage and maintain the SPV have not been included. Costs would include legal, accounting, treasury and administration and these still need to be resolved.

Funding

- 7.2 Turnkey schemes are new schemes to the IAS and have not been budgeted for previously. This scheme will require £22.56m of borrowing (excluding interest and GLA grant), which is reduced to £17.27m when RtB grant is utilised at the end of the development. This equates to £285k per unit.
- 7.3 It is important to note that the scheme will require an additional interest budget of £358.5k during the construction phase, with a target completion date of October 2021. This requirement is based on costs of borrowing of 1.5%. The financing proposal in the report does not include any other sources of financing.
- 7.4 Reside and My Place have been consulted with regards to tenure, unit mix and specification, and discussions have been held to optimise available grant funding to determine desired unit mix. The £2.8m of LAR grant has been formally obtained and the schemes will require £5.3m of Right to Buy receipts. The tenure mix is appropriate for both the Council's social housing provision and given the nature of the location as an untested market for new build.
- 7.5 The development agreement will have provision for Be First to have step in rights to complete the development should the developer fail. Were there a requirement for Be First to complete the development, this would likely add additional costs and there would likely be a delay in completion of the scheme. Prior to any agreement it would be essential to carry out detailed due diligence on Hollybrook to address the issues outlined in the commercial implications.

8. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 8.1 The report proposes the joint development via a Development Agreement by the Council and the owner of the site known as the former Job Centre site. The site is held in a company vehicle (Chequers Lane Dagenham Limited) by the developer and it is proposed that ownership will transfer to the Council on what is termed a 'Golden Brick payment'.
- 8.2 In 2018 planning permission was granted for the site for construction of 70 homes.
- 8.3 In January this year a revised application to the Planning Committee was made for erection of a 9-storey building to provide 90 residential flats with associated access, parking and landscaping. The tenure arrangement proposed was for 35%

affordable housing on a habitable room basis comprising 50% London Affordable Rent and 50% Shared Ownership. The application was duly granted.

- 8.4 The Council has power to deliver the development by virtue of the general power of competence under section 1 of the Localism Act 2011, which provides the Council with the power to do anything that individuals generally may do. Section 1(5) of the Localism Act provides that the general power of competence under section 1 is not limited by the existence of any other power of the authority which (to any extent) overlaps with the general power of competence. The use of the power in section 1 of the Localism Act 2011 is, akin to the use of any other powers, subject to Wednesbury reasonableness constraints and must be used for a proper purpose.
- 8.5 Whilst the general power of competence in section 1 of the Localism Act 2011 provides sufficient power for the Council to participate in the transaction and enter into the relevant project documents 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.
- 8.6 In exercising the power of general competence and in making any investment decisions, the Council must also have regard to the following:
- i. Compliance with the Statutory Guidance on Local Government Investments.
 - ii. Fulfilling its fiduciary duty to taxpayers.
 - iii. Obtaining best consideration for any disposal.
 - iv. 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);
 - v. Compliance with any other relevant considerations such as state aid and procurement;

Funding and Borrowing

- 8.7 The development will be held within the Reside structure. It is understood that the acquisition of an interest will be by a deposit on entering into contract, a golden brick payment followed by a monthly drawdown for the duration of the development. The 'Golden Brick' is an arrangement which seeks to establish a fiscal advantage with regard to a registered provider and its VAT status. To take advantage of this taxation position the building has to be clearly under construction hence the placing of the metaphoric 'Golden Brick' stage passing the threshold.
- 8.8 At this stage the actual costs have yet to be finalised and necessary due diligence steps to be carried out.
- 8.9 Section 15 of the Local Government Act 2003 requires that the Council have regard to statutory guidance in relation to exercising its borrowing and investment powers. The relevant Statutory Guidance on Local Government Investments (3rd Edition, issued on 1 April 2018).
- 8.10 The Guidance is relevant to the extent that a loan may be necessary in order to facilitate delivery of the development. In accordance with the Guidance (paragraphs

33 and 34), A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity provided that the overall Investment Strategy demonstrates that:

- (i) The total financial exposure to such loans is proportionate;
- (ii) An expected 'credit loss model' has been adopted to measure the credit risk of the overall loan portfolio;
- (iii) Appropriate credit controls are in place to recover overdue re-payments; and the Council has formally agreed the total level of loans by type and the total loan book is within self-assessed limits.

- 8.11 Development/Land Risks and Considerations - Apart from the requirement to purchase the land at no more than the market value there will be the imperative to ensure that all land, development and environmental risks are identified and managed through feasibility studies to ensure the preferred development option is deliverable before significant pre-development expenditure, and mitigation strategies put in place. Potential risk arising include, but are not limited to, any third-party rights or restrictions or incumbrances which may frustrate or prevent the Council's regeneration objectives and development of the land. In terms of environmental risks, caution must be exercised in that a post-industrial site may raise risks of land contamination and if so, any remedial action and the costs of such remediation would need to be factored into the feasibility and viability considerations. Specifically, there should be early due diligence before contractually committing to the transaction to ensuring that the site is suitable for the construction of dwellings and is without risk of historical contamination, or in the alternative that any contamination is capable of being remedied and costs are both factored into the acquisition price and do not compromise the viability of any residential development.
- 8.12 State Aid - 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, certain grants to remediate contaminated land are excluded from the State Aid Regime.
- 8.13 Human Rights – As the acquisition 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
Risk (1)	Risk: Developer Failure Mitigation: Likelihood is considered low but step in rights and performance bond will be in place to ensure Be First are able to complete the development.
Risk (2)	Risk: Substandard quality Mitigation: Agreed specification and robust monitoring by Be First appointed Clerk of Works with regular, on-site quality inspections.
Risk (3)	Risk: GLA LAR grant is not available Mitigation: Discussions are ongoing with the GLA at a senior level and current grant outlook is positive, so risk is considered low.

- 9.2 **Contractual Issues** – Head of Terms are in progress with a fixed price agreed. These Heads will form the basis of the Development Agreement. Please refer to legal section for more information.
- 9.3 **Staffing Issues** – The proposal will be delivered by Be First on behalf of the Council.
- 9.4 **Safeguarding Adults and Children** – The proposal will provide new homes and childrens play space as part of the development.
- 9.5 **Health Issues** – The proposal is for affordable housing to be made available to borough residents in need of affordable housing. The development has acceptable levels of private and communal amenity space and childrens play area.
- 9.6 **Crime and Disorder Issues** – 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.
- 9.7 **Property / Asset Issues** – The proposal will involve purchasing the site and building from the developer for a fixed price by way of a Development Agreement. The asset will be held and owned by BD Reside.

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

List of appendices:

Appendix 1 – Site Plan

Appendix 2 - Draft Head of Terms (exempt appendix)

Appendix 3 - Key Financial Metrics (exempt appendix)

REVISION	DRAWN	CHKD	DATE
-	JS	KW	05.11.19
A	JS	KW	11.12.19
B	JS	KW	18.12.19

CHEQUERS LANE

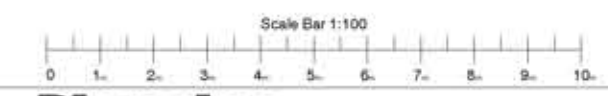
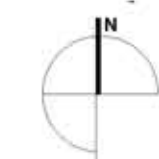
CORE B Entrance

CORE A Entrance

VEHICLE Entrance



SITE PLAN - WITH GROUND FLOOR PLAN.
 Proposed



Planning

CONTRACT	Chequers Lane Dagenham London RM9	SCALE	1:100@A1/1:200@A3
DATE	November 2019	DRAWN	JS
CHECKED	KW	DRAWING No	18250_PL07
TITLE	Job Centre Plus Redevelopment Proposed Site Plan	REVISION	B

ATP Architects + Building Surveyors
 Brook House Coventry Road Ilford Essex IG1 4QR
 T 020 8532 4141 F 020 8532 4140

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of the Local Government Act 1972.

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of the Local Government Act 1972.

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CABINET**19 May 2020**

Title: Delivering Social Value in Barking and Dagenham	
Report of the Cabinet Member for Employment, Skills and Aspiration and the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Tess Lanning, Head of Enterprise and Employment Strategy, Inclusive Growth Hilary Morris, Commercial Director, Customer, Commercial and Service Delivery	Contact Details: tess.lanning@lbbd.gov.uk hilary.morris@lbbd.gov.uk
Accountable Strategic Leadership Director: Graeme Cooke, Director of Inclusive Growth	
Summary	
<p>This report seeks to establish a consistent policy framework, guidance and process to support the Council's procurement, commissioning teams and potential contractors to develop and assess effective Social Value proposals that are in line with the Council's priorities and goals.</p> <p>The policy will be tested and developed over the first year of implementation but initially it is recommended that:</p> <ul style="list-style-type: none"> • Social Value proposals are evaluated as part of the assessment process from all bidders on all contracts over £100,000, with commissioners able to apply it to lower value contracts on a discretionary basis. • Social Value commitments are 'weighted' at a minimum of 10% when evaluating bids from potential contractors, and up to a maximum of 20% on a discretionary basis – alongside cost and quality weightings. • Potential contractors are asked to set out convincing Social Value proposals that support delivery of the Borough Manifesto goals under the Council's core strategies – with priority given to proposals that improve the quality and quantity of local jobs available, either directly (via payment of the London Living Wage and the creation of local job and training opportunities for disadvantaged groups) or by buying goods and services from local businesses, defined as those with premises/operations based in the borough. <p>Subject to approval, the policy will be launched alongside an online public consultation in Summer 2020. Commissioning teams will be responsible for implementing and monitoring Social Value in line with their wider contract management responsibilities, supported by a new Social Value Coordinator and the Council's Inclusive Growth Team.</p>	

In line with common practice elsewhere, we have specified that Social Value should be delivered in a way that is cost-neutral to the Council. The direct costs of the new Social Value Coordinator will be covered by the Commercial Services team.

Recommendation(s)

Cabinet is recommended 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.

Reason(s)

The use of Social Value requirements on major Council contractors provides a key lever to support 'inclusive growth' and meet Borough Manifesto targets to improve job density, income and employment rates in the borough. The new policy also seeks to generate resources to support delivery of the Council's wider Corporate Plan and strategic goals to improve participation and engagement; independence and resilience; and environmental sustainability.

It fulfils the Council's legal obligation under the Public Services (Social Value) Act 2012 for all public bodies to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement.

1. Introduction and Background

- 1.1. Since 2012, all public bodies have been legally required to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement.
- 1.2. Requiring contractors to produce Social Value while they deliver the main element of their contract can also enable Barking and Dagenham to deliver more for residents. The Council currently spends approximately £400m/year procuring goods and services, providing a significant lever to influence the practices of wider organisations operating in the borough and deliver improved outcomes for residents in the context of limited resources.
- 1.3. An effective Social Value policy enables Councils and other public authorities to ask whether, if they are spending £1 on the delivery of goods and services, that same £1 can be used to produce a wider benefit to the community.

- 1.4. Within the Council's contract rules it is already mandated that Social Value must be considered at pre-procurement and strategy development stage in order to comply with the legal requirements to secure additional community benefits. This paper and the attached toolkit seek to provide guidance to ensure that Social Value is implemented consistently across different commissioning teams; secures more community benefits in line with Council priorities; and that impact is effectively monitored and improved over time.
- 1.5. CSG first approved a work plan to develop the Council's policy and approach to Social Value in June 2018. A paper on the proposed process to achieve this also went to and was approved by Overview and Scrutiny Committee in December 2018.

2. Proposal and Issues

Where Social Value will apply

- 2.1. Social Value proposals will be required and evaluated as part of the assessment process from all bidders on all contracts worth over £100,000, with commissioners able to apply Social Value to lower value contracts on a discretionary basis. This fits with the Council's current sign off processes, whereby commissioners report to Procurement Board for any procurements over £100K– enabling a check on whether and how Social Value is being applied.

How Social Value will be assessed relative to cost and quality considerations

- 2.2. Under the new policy, Social Value commitments will be 'weighted' at a minimum of 10% when evaluating potential contractors, with commissioning teams able to apply higher weightings on a discretionary basis up to a maximum of 20% – alongside cost and quality considerations.
- 2.3. The government recommends a minimum weighting of 10% in order to ensure contractors deliver meaningful Social Value proposals.¹ Some Councils have gone further to weight Social Value at 20% or above in order to encourage their contractors to adopt more ethical business models. The Social Value Portal, which runs a platform to support public bodies to monitor and evaluate Social Value proposals, have advised that there is no evidence from the Councils they work with that weighting Social Value up to 20% impacts on costs. Their work does, however, suggest that setting it above that level may start to increase procurement costs.
- 2.4. To strike a balance between cost, quality and social considerations, guidance will be issued to commissioners that they should accommodate the additional criteria by taking half (minimum 5%) from the usual cost weighting and half (minimum 5%) from the quality weighting.

What commitments contractors will be asked to make as part of their Social Value proposals

- 2.5. Under the new policy, potential contractors will be asked to set out convincing Social Value proposals that support delivery of the Borough Manifesto goals and Corporate Plan priorities. Relevant strategic goals have been grouped into five

¹ HM Government: *Social Value in Government Procurement* (2019)

themes, with examples of the sorts of activities and outputs the policy seeks to secure under each theme:

- **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.

- 2.6. Potential contractors will be required to set out a delivery plan and method statement setting out their commitments and how these will be delivered, including how they will work with local partners and (where relevant) ensure compliance in their wider supply chain.
- 2.7. The scoring methodology will seek to encourage potential contractors to make commitments in relation to at least two (and up to five) themes, with higher scores available for bids that make commitments under the themes of 'investment in local people' and 'investment in the local economy'. This seeks to support delivery of the Borough Manifesto goals to increase job density and improve local incomes and employment rates by creating new job and training opportunities for residents (either directly, or indirectly by supporting businesses based in the borough to grow). These outcomes are worth a significantly higher equivalent financial value than initiatives in other areas, particularly where sustainable employment opportunities are created for disadvantaged groups. Commissioners will be able to adapt the scoring methodology where these themes are not relevant to the contract.
- 2.8. Alongside this work we have developed and agreed an approach to Social Value in construction with Be First. This reflects the priorities above but includes more specific benchmarks based on good practice in the construction sector and the Unite Construction Charter, which the Council and Be First signed in June 2019. The Inclusive Growth team is also working with Be First to establish a wider strategy to support contractors to deliver, including a programme of events and support for local suppliers to access procurement opportunities, and a collaborative framework of local education and training providers. Be First's policy and approach to Social Value was agreed at Corporate Strategy Group in October 2019, and is also being used to inform the approach to Section 106 Employment, Skills and Supply Chain Agreements on other major developments in the borough.

How the new Social Value policy will be implemented

- 2.9. Commissioners will be responsible for securing and monitoring Social Value as a the Key Performance Indicator on all major contracts, as part of their existing contract management responsibilities – with Procurement Board providing a point of challenge and reflection on their approach for contracts worth over £100K/year.
- 2.10. In addition, a new Social Value Coordinator is being recruited to the Commercial Services team to support procurement and commissioning teams to implement and enforce Social Value and to monitor progress across the Council. The post-holder's role will include:
- Development of guidance for commissioners on how to secure effective Social Value outcomes;
 - Engaging with teams across the Council to identify contracts up for renewal and support them to implement the new policy and test approaches to maximise Social Value;
 - Analysing data from across procurement/commissioning teams to monitor overall progress;
 - Improving tender documents and providing advice relating to Social Value, as required;
 - Exploring how improved procurement processes could enable stronger Social Value outcomes – such as how to provide upcoming tender information for local businesses and engage with the voluntary and community sector – as part of a wider end-to-end review of Council procurements that will be conducted by Commercial Services.
- 2.11. The Coordinator will work closely with the Inclusive Growth team, which will oversee policy development and lead on strategies to support commissioners, contractors and wider borough partners to deliver strong Social Value outcomes in priority areas, including strategies to:
- **Promote the London Living Wage** – setting this as a minimum requirement on contracts for services as they are due for renewal, and working with relevant teams to develop a plan to move towards it in high cost areas such as adult homecare;
 - **Increase local spend** – supporting commissioners to meet the Council's target to procure 25% of the value of all goods and services with local suppliers by 2022, where this will support local job creation (i.e. where the business has premises/operations based in the borough – as opposed to businesses whose owners are resident in the borough but have premises elsewhere). This will include identifying contracts where the Council could directly procure with local organisations - many of which may be worth less than £100K - as well as increasing local spend through major contractors.
 - **Improve employment opportunities for disadvantaged groups** – exploring how to improve the support available to individuals and employers to ensure more of the opportunities secured through the new policy (and other means) are accessible for disadvantaged groups currently in receipt of Council support (including social housing tenants and those with learning disabilities and mental and physical health conditions who have a care package and want to work); and how this support could be funded and delivered.

- **Develop sector-specific approaches** – directly brokering relationships between major contractors/investors in priority growth sectors and relevant local partners including the borough’s main education, training and business support providers, as part of a coordinated approach to ensuring local people and businesses benefit from major new opportunities in the borough – with a particular focus on the food, film and construction sectors.

2.12. Inclusive Growth will also continue to develop a wider network of local partners to promote and support effective delivery of Social Value in the borough, including other local anchor institutions, the Council’s wholly-owned companies, schools and colleges, and civil society organisations. This will include directing potential contractors to work with key local partners and existing initiatives when delivering on their commitments, and exploring how else the Council can promote Social Value, such as through our approach to rent subsidies, business support and the potential for a ‘good employer’ accreditation scheme.

3. Options Appraisal

3.1. The proposals above have been informed by a review of good practice elsewhere, government/sector advice, and consultation with commissioners, civil society, relevant partners, officers and Members.

3.2. We explored different options for the size of contracts where Social Value would apply, such as using the (higher) OJEU thresholds. However, as well as being in line with the Council’s sign off processes, £100k is a common threshold used by other councils. The Social Value Portal advised that thresholds set at a lower level can become resource intensive, while those set too high reduce the potential social impact. Based on data from the Council’s central contract database, Social Value would apply to 39% of all contracts if set at a threshold of £100k. Of these, 35 contracts for services and 10 contracts for goods totalling £190m are up for renewal before mid-2021 and provide an opportunity to apply and test the new approach. This excludes contracts procured and managed directly by commissioning teams.

3.3. We also explored different options for how to ‘weight’ Social Value within a contract, including the option of evaluating it as part of the existing quality weighting. However, Social Value must be additional to core contract requirements, and therefore should be assessed separately. Many commissioners consulted were also concerned that Social Value requirements should not reduce their ability to consider the quality offered by contractors.

3.4. The goal is to secure maximum social benefits without impacting on either the cost or quality of goods and services provided by potential contractors. The requirement for commissioners to weight Social Value at a minimum of 10% follows central government advice, while allowing discretion up to 20% will allow the Council to test whether a more ambitious approach is possible. This will be done by identifying a number of comparable contracts/service areas to test weightings of 10% and 20%, as well as monitoring any differences in financial and social impact. We will also explore whether to enable commissioners to reduce/waive the Social Value weighting in cases where Social Value is embedded in the minimum contract requirements.

- 3.5. These and all elements of the new policy and approach will be tested and developed over the first year, in order to enable the Council to continuously improve.

4. Consultation

- 4.1. Members of the Council's Procurement Board and designated representatives from commissioning teams across the Council have been consulted. The process has been overseen by a steering group made up of the Councils' procurement, commercial services, inclusive growth and participation and engagement teams – recently expanded to include 'Social Value Champions' from major commissioning teams across the Council.
- 4.2. Local community stakeholders including members of the Barking and Dagenham Delivery Partnership have been consulted on the Council's priorities and approach. A workshop was also held with local civil society organisations including members of the Collective on both the policy and how the Council can work with the voluntary and community sector to maximise impact and ensure contractors build on and support existing initiatives in the borough.
- 4.3. The proposals in this report were considered and endorsed by the Corporate Strategy Group at its meeting on 19th March 2020 and by the Leadership Advisory Group at its meeting on 7th April 2020.
- 4.4. The new policy will be launched in Summer 2020 alongside an online public consultation, with a view to refining, testing and developing the approach over the next year. Local community stakeholders including the Collective, the Barking and Dagenham Delivery Partnership, schools, colleges and other relevant partners will also be consulted on an ongoing basis. The Inclusive Growth team will also work with Barking and Dagenham Giving to support contractors and others to target and deliver effective interventions in the community in a way that builds the capacity of existing initiatives in the borough, in collaboration with the voluntary, community and social enterprise sector.
- 4.5. The Inclusive Growth team will also work with BDTP and Reside to ensure an aligned approach. As with Be First, they would have their own Social Value policies, but these would be in line with the Council's priorities and approach. Social Value is already embedded in the mandates for the Council's wholly-owned companies, who will be required to report on what they are doing in this regard.

5. Financial Implications

Implications completed by: Sandra Pillinger, Group Accountant, My Place and Core

- 5.1. The new Commercial Services structure includes the Social Value Co-ordinator role which is graded at PO4. This role will be funded from future procurement savings at a cost of £57,410.
- 5.2. In line with common practice elsewhere, we have specified that Social Value should be delivered in a way that is cost-neutral to the council. There is no evidence that weighting Social Value at anything up to 20% adds additional costs to procurement.

- 5.3. The impact of the new policy will be monitored year-on-year, including any impact on costs (as well as quality and social impact), allowing the Council to adjust the policy and approach as necessary. In adult homecare, where requirements to pay the London Living Wage could significantly increase costs, the Inclusive Growth team will work with Care City and Adult Care and Support to develop an action plan with local providers to improve pay, job quality and standards, and to identify and secure any potential savings through improvements in staff retention and productivity. The current adult homecare framework lasts until 2024.

6. Legal Implications

Implications completed by: Graham Marlow, Locum Contracts Lawyer, Law and Governance

- 6.1. The Public Services (Social Value) Act 2012 requires all public bodies to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement.
- 6.2. The outcomes should be related to the services being procured but must be in addition to any benefits derived from the goods and services themselves. They cannot include 'developer gain' (contracts or other relationships with large corporations that result in additional benefits such as sponsorship and promotion). Beyond that, the legal definition of the Social Value concept allows flexibility for how public authorities choose to interpret and implement it.

7. Other Implications

- 7.1 **Risk Management** - The risk that the new policy and approach does not deliver the desired community benefits will be managed by the recruitment of a Social Value Coordinator to support commissioning teams to implement and enforce the policy. The Coordinator will also monitor overall progress, enabling the Council to understand where things are working well, and which areas need more support to meet expectations. They will work with commissioning teams to identify and monitor other risks including an increase in procurement costs and/or reduction in quality. This will allow the Council to review the policy and approach year-on-year to improve outcomes and address any challenges.
- 7.2 **Contractual Issues** – Social Value can be built into the Councils standard terms and conditions to warrant that the supplier must deliver against the tendered or agreed outputs, this should clearly set out the monitoring and reporting matrix, so the success of the Social Value can be tracked against the expectations.

In terms of the procurement process, Social Value will need to be considered at the point of the service specification being developed. The key criteria can then be transposed to parts of the procurement process and % ratios can be agreed ranging from 10% to a maximum of 20% of the total quality score. This will apply to procurements the Council conducts itself in a competitive process. Please note this excludes the use of another Authorities frameworks as the Council will be governed by the process already conducted by the framework owner or the Council may be limited in its requirements, each framework would need to be assessed prior to the procurement commencing to ensure it meets the needs of the Council.

To mitigate and challenge the ratios or risks, as the policy will be limited to procurements over £100k under definition in the Contract Rules if they are to be brought before the Procurement Board a full assessment can be conducted and challenge levied to the commissioners rationale for the procurement and to challenge the expected outcomes and the methods to monitor and record the success of the requirements.

- 7.3 **Staffing Issues** – A new Social Value Coordinator is being recruited into the Commercial Services Team to ensure there is staff capacity to implement the new policy. This has been approved by Workforce Board.
- 7.4 **Corporate Policy and Equality Impact** – The Council’s corporate vision, priorities and policies have been used to inform the issues that major contractors are being asked to address when setting out their Social Value proposals. This has been designed to secure resources and outputs that support delivery of Borough Manifesto goals, the Corporate Plan, and the Council’s three draft strategies to deliver Inclusive Growth; increase citizen participation and engagement; and improve the independence and wellbeing of the local population.

The new policy will allow the Council to more consistently generate additional social, economic and environmental benefits for residents, over and above the core services and programmes being delivered by the council. In doing so it seeks to improve the resources available to meet the social and economic needs of residents, deliver improved outcomes and support equality. This will benefit local communities general, but will also seek to generate resources for disadvantaged groups – for example by giving additional consideration to Social Value proposals that create new job and training opportunities for people facing disadvantage in the labour market (including young people and those with disabilities), and securing resources to support existing council/civil society initiatives relating to local issues and priorities, including those that disproportionately affect groups with protected characteristics, such as domestic violence.

An Equality Impact Assessment has been conducted and the impact of the policy will be monitored on an ongoing basis, including the number and types of outputs secured, how these are allocated and who the beneficiaries are, with a view to reviewing the policy and approach on an ongoing basis, in consultation with civil society partners including those representing groups with protected characteristics.

- 7.5 **Safeguarding Adults and Children** - The new policy has the potential to generate additional resources to improve the wellbeing of children and vulnerable adults in the borough and reduce inequalities. It will be important to monitor the impact and approach to ensure that the new policy maximises these positive social outcomes while managing any potential impact on costs and ensuring safeguarding remains a priority for providers.
- 7.6 **Health Issues** - The new policy has the potential to generate additional resources to improve the health and wellbeing of the local community – for example by securing volunteers and other resources to support initiatives named in the policy, such as tackling obesity or improving air quality. Quality employment opportunities created by contractors for people with learning disabilities or physical or mental health conditions can be beneficial for their health and wellbeing, which in turn can

create less demand on health services. Many aspects of the new policy have the potential to have a positive impact on the social determinants of health.

- 7.7 **Crime and Disorder Issues** - The new policy has the potential to generate additional resources to tackle anti-social behaviour and domestic violence in the borough. These are named in the policy as areas contractors may choose to support.

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

List of appendices:

- Appendix 1. Draft Social Value Toolkit
- Appendix 2. Equality Impact Assessment – Social Value

MAY 2020

LONDON BOROUGH OF BARKING AND DAGENHAM
SOCIAL VALUE TOOLKIT

DRAFT

HOW CONTRACTORS CAN HELP THE COUNCIL DELIVER
WIDER COMMUNITY BENEFITS THAT MEET LOCAL
PRIORITIES

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DRAFT

INTRODUCTION

This document sets out how Barking and Dagenham Council is working to use its power as a major procurer of goods and services to deliver wider social, economic and environmental benefits in the borough.

We want to ensure we are doing all we can to deliver for residents in the context of limited resources. That means seeking to work with organisations who share our values and commitment to the borough, and asking those that want to contract with the council to deliver in a way that creates additional benefits for our residents and communities.

This 'Social Value' must be delivered over and above any benefits that arise from the goods and services being procured – and delivered in a way that is cost-neutral to the Council. Put simply, Social Value is about asking whether, if we are spending £1 on the delivery of goods and services, that same £1 can be used to produce a wider benefit to the community.

This policy also fulfils the legal obligation on all public bodies to consider Social Value under the Public Services (Social Value) Act 2012¹, which requires:

- a) That authorities must consider how procurement might improve the economic, social and environmental well-being of the local area; and
- b) how it might act with a view to securing that improvement.

We expect all potential contractors seeking to provide goods or services worth more than £100,000 to the Council to set out convincing Social Value proposals as part of their bid – with a focus on supporting progress against the 2018 Borough Manifesto goals and targets.

This toolkit aims to support bidders to understand how they can develop effective proposals to deliver wider community benefits as part of their activity in the borough. It provides an overview of:

- The Council's goals and priorities for Social Value
- How Social Value is assessed
- The tools available to help potential contractors to develop a meaningful Social Value offer
- Contact details for local partners that can support delivery on Social Value commitments

¹ The Public Services (Social Value) Act 2012 came into force on 31 January 2013 and applies to public services contracts and framework agreements relating to services to which the Public Contracts Regulations 2006 and revised Public Contracts Regulations 2015 apply.

SECTION I. DELIVERING SOCIAL VALUE IN LBB

GOALS AND PRIORITIES

The starting point for Barking and Dagenham’s approach to securing additional Social Value when procuring goods and services is the 2018 Borough Manifesto.² The manifesto was the product of consultation with nearly 3,000 residents. Through this process, local people helped set a vision to ensure ‘no one is left behind’ over the next 20 years, with a set of targets and metrics to track progress.



These targets provide the context for the council’s Social Value Framework, which is grouped around five priority themes. These themes are set out in the table below, along with the vision and activities that organisations can do to achieve the associated goals.

We encourage all organisations working or seeking to work in the borough to help us to achieve these goals. Those seeking major contracts to deliver goods, services and works for the council will be partly assessed on their proposals to deliver wider community benefits in line with these priorities – in addition to an assessment of the cost and quality of their bid.

² See: <https://www.lbbd.gov.uk/borough-manifesto>

LBBB'S SOCIAL VALUE FRAMEWORK

The framework below sets out the Council's priorities and some of the activities that we would like to see from contractors when developing their Social Value proposals. This list is not exhaustive, and bidders are welcome to come up with innovative ideas about how to deliver Social Value in line with borough goals and priorities.

In addition to the table below, all contractors are expected to adhere to the highest possible ethical standards in employment and are absolutely committed to preventing slavery and human trafficking within their own activities and through their supply chain. comply with the Modern Slavery Act by making sure there is no slavery in their supply chains. For full guidance, read the Council's Modern Slavery Statement by clicking the link [here](#).

Investment in Local People	
Work with the Council to meet Borough Manifesto goals to tackle low pay, reduce unemployment and increase access to education and training for borough residents by:	<ul style="list-style-type: none"> - Paying and promoting the London Living Wage. - Delivering sustainable (26 weeks+) employment opportunities to residents - supporting the Council to meet a target to ensure that at least 25% of all people working on Council contracts are from the borough. - Providing quality apprenticeships - particularly opportunities for new entrants at or progressing to level 3 and above with clear wage and employment gains. - Providing work experience and careers support for borough residents. - Providing opportunities for disadvantaged groups – including young people, rehabilitating young offenders, care leavers, and those with mental or physical health conditions and learning difficulties. - Advertising all local employment and apprenticeship vacancies through the council's job brokerage services, and working with the existing local education and training system to deliver training and careers activities wherever possible.
Investment in Local Economy	
Work with the Council to meet Borough Manifesto goals to support	<ul style="list-style-type: none"> - Supporting the Council to meet the goal to procure at least 25% of goods and services from LBBB suppliers.

job creation, business growth and sustainability in the borough by:	- Building the capacity of local suppliers to secure opportunities, such as through mentoring and meet the buyer events.
Environmental Sustainability	
Work with the Council to meet Borough Manifesto goals to create a clean, green and sustainable borough, recycling more and reducing waste by:	<ul style="list-style-type: none"> - Reducing the amount of waste and single-use plastic and seeking opportunities to recycle wherever possible. - Supporting LBBD's target to reduce carbon emissions by taking concrete steps to minimise energy consumption and consider the environmental performance of the wider supply chain. - Supporting initiatives to improve the local environment such as through local growing schemes and measures to address air pollution and fly-tipping.
Community Participation and Engagement	
Work with the Council to meet Borough Manifesto goals to support improvements in the capacity of civil society, resident engagement and involvement, and levels of volunteering in the borough by:	<ul style="list-style-type: none"> - Involving residents in the design of projects and services wherever relevant. - Building the capacity of local community groups and activities, such as through volunteering, mentoring and providing space and facilities. - 'Buying social' where possible, sub-contracting with organisations that share our values and have a social purpose, such as those from the voluntary, community and social enterprise sectors.
People, Independence and Resilience	
Work with the Council to meet Borough Manifesto goals to improve the health, wellbeing and safety of borough residents by:	- Supporting initiatives to tackle obesity, anti-social behaviour, domestic abuse and other challenges that affect the independence and resilience of residents.

SECTION II. ASSESSING SOCIAL VALUE IN LBBD

This section provides guidance for potential contractors about the threshold at which Social Value applies, the weighting it is given as part of the total contract evaluation, where it comes in the tender process, and how different proposals will be assessed.

WHO IS REQUIRED TO DELIVER SOCIAL VALUE?

Bidders on all LBBD contracts over £100,000 for goods, services and works are required to provide convincing Social Value offers in line with LBBD's stated goals and priorities, as set out in the Social Value Framework above.

However, we welcome all contractors to make Social Value proposals, and reserve the right to apply Social Value obligations on a discretionary basis on contracts below £100,000.

HOW IS SOCIAL VALUE ASSESSED?

Social Value commitments are assessed and scored as part of the tender evaluation process, alongside evidence of quality and value for money.

Potential contractors are asked to complete and submit a Delivery Plan setting out their commitments under the themes set out in LBBD's Social Value Framework, and an accompanying Method Statement explaining how these will be delivered.

- The Delivery Plan should set out clear, measurable outputs that will be delivered through the contract, including timescales for delivery where possible.
- The Method Statement should include information about who will be responsible for overseeing the delivery of the obligations and how these will be delivered including, where relevant, how the contractor will ensure compliance in their wider supply chain.

Social Value in Barking and Dagenham will be weighted at **a minimum of 10%** of the overall assessment criteria, and up to **a maximum of 20%**.³ This is in line with central government recommendations.⁴

Within this weighting, both the quality of the Method Statement and the commitments (outputs) set out in the Delivery Plan will be taken into account when assessing the Social Value

³ Weighting refers to the percentage that Social Value is given within the procurement criteria and decisions, relative to the cost and quality commitments in the bid.

⁴ HM Government: *Social Value in Government Procurement* (2019), linked [here](#)

proposals. These weightings may vary and will range from between 10-50% of the total social value weighting for the method statement and 50-90% for the Delivery Plan.

It is important that bidders are confident of their ability to deliver their Social Value commitments as, once agreed, they will form part of the contractual obligations and will be monitored alongside other key performance indicators.

All Social Value commitments must be delivered in a way that is cost neutral to the Council.

HOW WILL DIFFERENT PROPOSALS BE EVALUATED?

We recognise that different contracts will lend themselves to different priorities. We do not necessarily expect potential contractors to commit to deliver outcomes for all the priorities expressed in the Social Value Framework above.

On some contracts, commissioners will set out particular priorities for Social Value as part of the tender process.

Bids will be evaluated on the basis of the extent to which they are delivering additional community benefits that would not otherwise have been achieved, the clarity and ambitiousness of the commitments, and extent to which the Method Statement sets out a convincing plan for how outputs will be delivered.

We will also give priority to bids that make commitments under the themes of 'investment in local people' and 'investment in the local economy'. In particular, we will score Social Value offers more highly where they:

- Demonstrate a commitment to paying and promoting the [London Living Wage](#), particularly for staff working on contracts to deliver council services;
- Provide quality employment, apprenticeships, and other training and work experience opportunities for LBBD residents⁵ – with additional consideration given to proposals that provide opportunities for groups facing disadvantage in the labour market⁶;

⁵ Wherever possible we would like to encourage sustainable employment opportunities lasting at least 26 weeks and apprenticeships for new entrants that are provided at, or progressing to, Level 3 and above, with evidence of clear wage and employment gains upon completion.

⁶ Priorities include: young people who are not in employment, education or training (NEET); unemployed care leavers and/or ex-offenders; residents who are long-term unemployed; and those with physical or mental health conditions and/or learning difficulties.

- Commit to procuring a meaningful proportion of goods and services relating to the contract from local suppliers – supporting the council to meet its target to procure 25% of all goods and services locally.

Securing community benefits in construction

The council's wholly-owned regeneration and development company Be First plays a key role in driving greater community benefits in the construction sector through its house-building and regeneration programme.

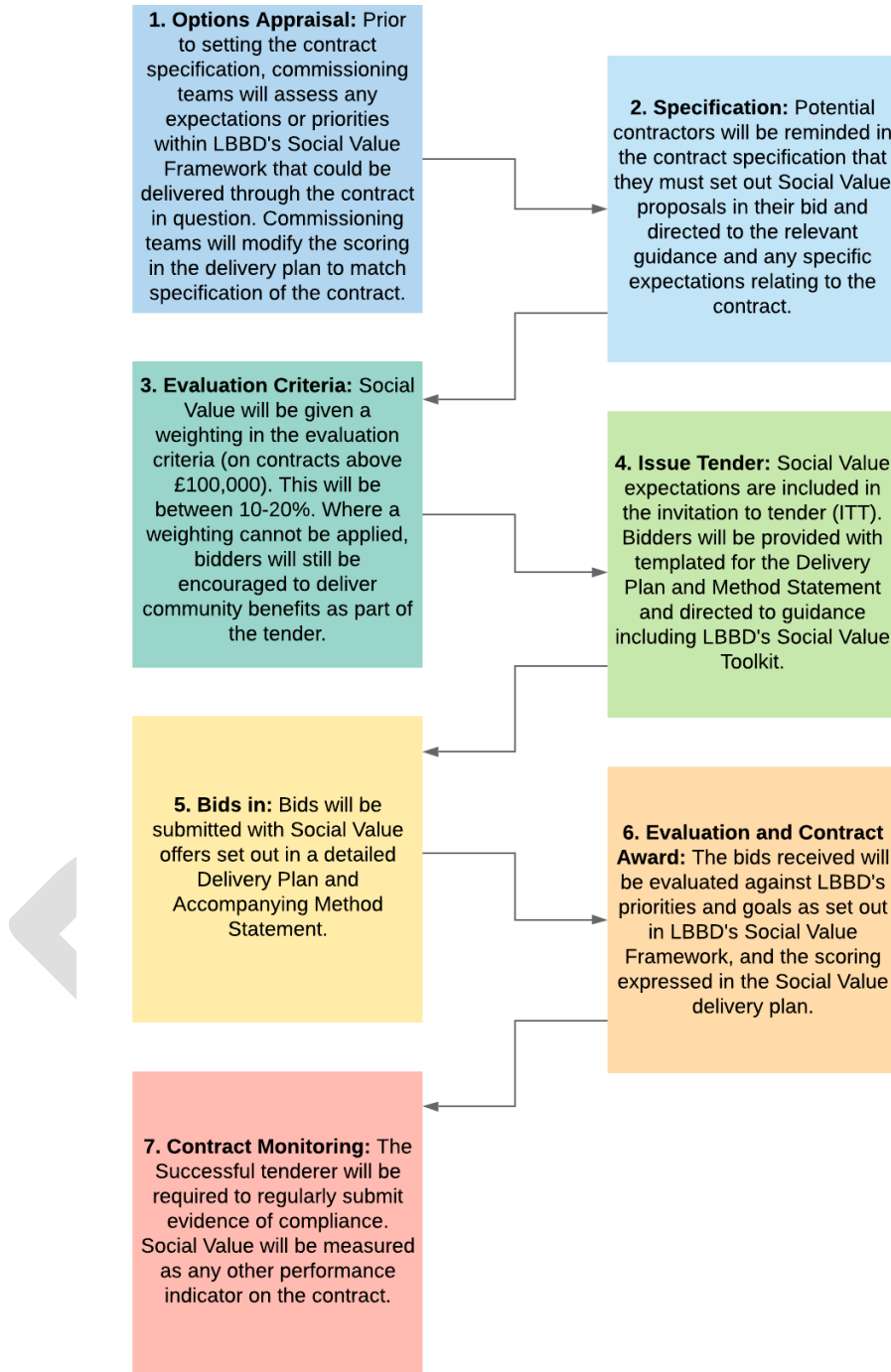
In June 2019 Be First and the council signed the Unite Construction Charter, which seeks to tackle undercutting and ensure decent pay and conditions in construction. Be First sets ambitious targets for contractors based on these commitments and wider established good practice to tackle skills and employment gaps in the sector, and build the capacity of the local supply chain.

These targets are set as minimum requirements for all contractors and monitored as part of their key performance indicators. They include requirements to:

- Work to ensure that all operatives on Be First sites are directly employed on a PAYE basis under a contract of employment and paid no less than the London Living Wage;
- Ensure a minimum 25% of the total jobs (FTE) created are filled by LBBB residents – with all vacancies advertised through the council's job brokerage services;
- Provide at least one training opportunity for every 10 construction workers – at least half of which (or 5% of the FTE workforce) must be apprenticeships leading to a full recognised qualification;
- Provide 10 weeks of work experience for every 6 months of the development – with each placement lasting at least 2 weeks;
- Provide at least one educational workshop / visit per educational term for the duration of the construction phase to support local schools and careers services.
- Source at least 25% of the value of all goods and services required for the development from organisations based in borough and participate in at least two events in each year of the development to promote opportunities to local suppliers and build their capacity;

These targets are also promoted across the wider construction sector operating in the borough through Section 106 employment, skills and suppliers plans.

WHERE DOES SOCIAL VALUE COME IN THE TENDER PROCESS?



SECTION III. USEFUL RESOURCES

This section provides information about further tools, guidance and contacts that may be helpful in supporting potential contractors to develop meaningful Social Value proposals and ensure that bids stand the best chance of getting maximum marks in this area.

DO'S AND DON'TS WHEN SUBMITTING AN OFFER⁷

1) Don't offer anything that is required in the core contract:

Services or actions that the bidder is required to provide as part of the core contract requirements cannot also be counted as Social Value. For example: if the contract is about supporting people back to work, bidders cannot claim Social Value for taking people out of unemployment, as that is part of the requirements of the core contract.

2) Do provide good evidence of how you will deliver Social Value:

When submitting Social Value offers, make sure you take the time to fill in the Delivery Plan and Method Statement to the best of your ability. We are looking for bids that are deliverable as well as ambitious – a weak method statement will reduce the coherence of the offer and impact the overall score awarded to Social Value.

3) Don't double count:

Each Social Value outcome may be claimed only once. For example: if a reduction in carbon emissions is proposed through a flexible working initiative, bidders may not claim the same reduction in emissions achieved via a different initiative.

4) Do make sure you only include committed local spend in your supply chain:

When estimating local spend, bidders must only include the projection of spend that occurs as a result of the contract and can be influenced by their own spending decisions.

TARGETING YOUR COMMITMENTS

The best Social Value proposals are targeted to local issues with a clear sense of how they will be delivered in partnership with organisations and resources on the ground. A list of useful contact details to help contractors deliver on their commitments is provided at the end of this Toolkit. It may also be helpful for bidders to engage with some of these organisations and resources while they are developing their proposals.

⁷ This has been adapted from Social Value Portal, ['Do's and Don'ts When Submitting a Social Value Offer'](#)

LBBB Borough Data Explorer

Barking and Dagenham Council have developed a Data Explorer which brings together data for all the indicators that either contribute to our Borough Manifesto⁸ or the Social Progress Index⁹. This tool allows the user to compare LBBB's performance to the rest of London and, where data is available, to visualise ward-by-ward level data.

This is a valuable tool to help produce locally targeted schemes and project. It can be used to understand the issues currently faced in the borough, and to enable contractors to think about where and how they target their interventions to meet the most pressing concerns in different parts of the borough.

Access the Borough Data Explorer by clicking [here](#)

Barking and Dagenham Giving

Barking & Dagenham Giving makes it easy for partners to identify and support local causes in Barking & Dagenham. It provides a platform for potential contractors and other organisations to learn about local needs and initiatives, as well as target and deliver interventions in the borough, in collaboration with local voluntary and community groups and social enterprises. This is particularly relevant for contractors seeking to contribute to, volunteer or partner with local initiatives – for example to improve air quality, tackle problems such as obesity, domestic violence or anti-social behaviour, or support the capacity of the local voluntary, community and social enterprise sector.

Visit the B&D Giving portal at www.bdgiving.org.uk

WORKING OUT THE EQUIVALENT FINANCIAL VALUE OF YOUR COMMITMENTS:

Understanding the equivalent financial value of different commitments can help contractors to understand how to maximise the social, economic and environmental benefits they can deliver through the contract. This can be provided as supporting evidence for a bid.

The **National Themes, Outcomes, Measures, or TOMs framework**¹⁰ was developed by central government in consultation with the National Social Value Taskforce to support commissioners and potential contractors to measure and evaluate different Social Value commitments. It does

⁸ Barking and Dagenham Together – Borough Manifesto, URL: <https://www.lbbd.gov.uk/borough-manifesto>

⁹ Barking and Dagenham 2018 Social Progress Index, URL: <https://www.lbbd.gov.uk/social-progress-index>

¹⁰ National TOMs 2019 – Social Value Portal Ltd, url: socialvalueportal.com. License: Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License (<https://creativecommons.org/licenses/by-nc-nd/4.0/>)

this by providing an equivalent financial value based on the impact different commitments can have on a local area.

At LBBB, we have adapted this national tool to create [an LBBB TOMs framework](#) that reflects our priorities and context. For example:

- **Employing an LBBB resident:** The provision of a full-time job to a borough resident is given an equivalent value of £29,270 a year, based on the median gross annual pay for full time workers in LBBB.
- **Employing a long-term unemployed resident:** Providing a full-time job to a resident who has been unemployed for more than 12 months has an additional benefit of £14,501 (on top of the initial £29,270). This is based on the average annualised increase in economic benefits to the individual and the fiscal benefits to the NHS resulting from the average reduction in health care costs associated with being out of work.

The LBBB TOMS framework can help you calculate the financial equivalent for a wide range of potential outputs. Potential contractors are encouraged to use [this local calculator](#) to evaluate the equivalent value (£) that their Social Value proposals contain. There is no requirement to do this but doing so may support them to develop and evidence meaningful proposals as part of the tender process.

Case Study examples

Creating local employment: the Independent Living Agency (ILA)

In 2018, the council contracted the Independent Living Agency (ILA) to provide support for elderly and disabled residents in their homes, such as gardening, shopping and cleaning. The ILA are committed to paying the London Living Wage to their workers and giving back to the community, and through the contract were able to support employment for a disabled resident. The ILA worked with the council's job brokerage services to recruit a visually impaired resident on a 3-day a week volunteering role. Despite her barriers to work and initial lack of confidence, she was able to secure a paid position at the ILA in January 2020.

Supporting local business: LBBB's Print and Post services

In 2019 the council tendered for a new Managed Print and Post supplier. The tender made clear that offers that delivered the contract in partnership with local suppliers would be prioritised for the contract. As a result, all proposals offered a local spend of 35% or over. The winning bid from Xerox also included a provision to support at least three community projects a year, focusing on improving local air quality, local business support and community participation.

USEFUL CONTACTS

<p>Recruit an employee or apprentice from Barking and Dagenham</p>	<p>All contractors are asked to advertise local job and apprenticeship opportunities in the council's Job Shops, which offer a free recruitment and selection service for organisations seeking to recruit locally.</p>	<p>Email: vacancies@lbbd.gov.uk</p>
<p>Get support with apprenticeship training costs</p>	<p>The government offers up to 95% of funding to cover the costs of training apprentices.</p>	<p>See: https://www.gov.uk/take-on-an-apprentice/get-funding Telephone: 0800 015 0600</p>
	<p>LBBD runs a scheme to transfer the Council's unspent Apprenticeship Levy allowance to organisations in our supply chains that offer opportunities to local residents – covering 100% of their training costs.</p>	<p>Email businessforum@lbbd.gov.uk for information about how to apply to the Council's levy transfer scheme</p>
<p>Offer work experience and other careers support</p>	<p>The council's Job Shops can help you to organise work experience for residents and connect with local schools and colleges. You can also get in touch with Barking and Dagenham's Schools Improvement Partnership, which organises pre-and post-16 work experience placements for students in LBBD schools and colleges.</p>	<p>Email: vacancies@lbbd.gov.uk OR: Barking&DagenhamTrident@lbbd.gov.uk Telephone: 020 8724 8334</p>
<p>Use local suppliers</p>	<p>The council's Business Forum has a directory of local businesses. Get in touch for help finding local</p>	<p>Email: businessforum@lbbd.gov.uk Telephone: 020 8227 5094</p>

	<p>suppliers that meet your needs.</p> <p>The Business Forum can also help you publicise opportunities for local suppliers through its quarterly newsletter and events.</p>	
<p>Identify local voluntary, community and social projects and organisations</p>	<p>Barking & Dagenham Giving collaborates with a range of partners to make it easy for organisations to identify and support local social organisations. Get in touch for help and ideas on how to target and deliver your obligations.</p>	<p>Email: Geraud@bdgiving.org.uk</p> <p>Or visit the B&D Giving portal at www.bdgiving.org.uk</p>
<p>Volunteer in LBB</p>	<p>Barking and Dagenham’s Community Solutions team coordinates a programme of volunteering in the borough.</p>	<p>To volunteer with the council, contact Jill Gallagher on: Jill.Gallagher@lbbd.gov.uk</p> <p>For wider volunteering opportunities in the borough contact B&D Giving, as above.</p>
<p>Support initiatives to tackle Domestic Abuse</p>	<p>Dagenham’s Domestic Violence Commission was set up to identify how to reduce high levels of domestic abuse in the borough and can advise on initiatives in this area, as well as how to effectively support and advise your own staff in this regard.</p>	<p>Email: domesticabusecommission@lbbd.gov.uk</p>

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Community and Equality Impact Assessment

As an authority we have made a commitment to apply a systematic screening process to both new policy development or changes to services.

This is to determine whether the proposals are likely to have a significant impact on different groups within our community.

This process has been developed, together with **full guidance** to support officers in meeting our duties under the:

- Equality Act 2010.
- The Best Value Guidance
- The Public Services (Social Value) 2012 Act

As well as supporting you to look at whether there is, or will be, a significant impact, the guidance will also consider ways in which you might mitigate this in the future.

About the service or policy development

Name of service or policy	Social Value
Lead Officer	Tess Lanning
Contact Details	tess.lanning@lbbd.gov.uk

Why is this service or policy development/review needed?
<p>This policy seeks to establish a consistent approach to securing additional community benefits (Social Value) when procuring goods and services. It will require all tenderers for contracts over £100K to submit substantial Social Value proposals in line with council priorities and goals.</p> <p>The use of Social Value requirements on major council contractors provides a lever to support the corporate vision and plans to deliver 'inclusive growth' and support wider Council goals relating to Citizenship and Participation; Empowering People; and environmental sustainability.</p> <p>It fulfils the Council's legal obligation under the Public Services (Social Value) Act 2012 for all public bodies to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement.</p>

1. Community impact (this can be used to assess impact on staff although a cumulative impact should be considered).

<p>What impacts will this service or policy development have on communities? Look at what you know? What does your research tell you?</p> <p><i>Consider:</i></p> <ul style="list-style-type: none"> • National and local data sets • Complaints • Consultation and service monitoring information • Voluntary and Community Organisations • The Equality Act places a specific duty on people with 'protected characteristics'. The table below details these groups and helps you to consider the impact on these groups.
<p>The Social Value policy seeks to secure resources and outputs to help tackle key issues affecting the local community including:</p> <ul style="list-style-type: none"> - <u>Poor educational outcomes and high rates of unemployment, inactivity and low pay compared to other London boroughs:</u> by asking the Council's major contractors to pay the London Living Wage and create quality job and training opportunities for residents; - <u>Low job density:</u> by asking contractors to support the local economy and source goods and services from organisations based in the borough; - <u>Low levels of community participation and engagement:</u> by asking contractors to procure from organisations with a social purpose and help build the capacity of local

COMMUNITY AND EQUALITY IMPACT ASSESSMENT

civil society partners such as through volunteering, mentoring and provision of facilities; and

- Poor health outcomes, including lower than average life expectancy, high obesity and the highest rate of domestic abuse offences in London: by asking contractors to support initiatives to tackle these and other local issues.

In evaluating Social Value proposals, additional consideration will be given to commitments that benefit groups who face disadvantage in the labour market – for example by giving higher scores to those that provide job and training opportunities for young people not in education, employment or training (NEET) and residents with learning disabilities and physical and mental health conditions, among others. This will be supported by wider strategies to secure more quality training pathways into good jobs for young people, and explore how to improve the support available to both individuals and employers to ensure more of employment opportunities are accessible for residents with complex needs including those with disabilities. The borough has the highest proportion of young people (under 16) in the country, and 16% of the adult (over 16) population are disabled.

In securing more resources for the local voluntary and community sector, the policy also has the potential to support local organisations that represent and work with disadvantaged groups, including those with protected characteristics.

Potential impacts	Positive	Neutral	Negative	What are the positive and negative impacts?	How will benefits be enhanced and negative impacts minimised or eliminated?
Local communities in general	X			Additional environmental, social and economic benefits for the local community.	A Social Value Coordinator is being recruited to support commissioners to maximise the positive benefits of the policy. The post-holder will also be responsible for monitoring the impact including any potential negative impacts such as changes to the cost or quality of the goods and services being procured.
Age	X	X		Better employment opportunities for young people and older unemployed residents; resources to support initiatives to improve health and wellbeing including issues disproportionately facing younger/older residents	The policy encourages contractors to develop commitments that tackle issues affecting young and older people in the borough. The nature of the community benefits secured and how these are allocated will be monitored and evaluated with commissioning teams and civil society partners, including those working with young and elderly residents.

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Disability	X	X	Improved employment and health outcomes for disabled residents	The Inclusive Growth team will work with commissioners, relevant services and civil society partners to explore how to ensure more of the opportunities secured through this policy (and other means) are accessible for disadvantaged groups including those with disabilities.
Gender reassignment		X		The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, in consultation with civil society partners.
Marriage and civil partnership		X		The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, in consultation with civil society partners.
Pregnancy and maternity	X	X	Potential to generate resources for initiatives to tackle issues that disproportionately affect women and those with caring responsibilities	The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, in consultation with civil society partners.
Race (including Gypsies, Roma and Travellers)	X	X	Potential to generate resources for initiatives to tackle issues that disproportionately affect BME communities	The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, in consultation with civil society partners, including those that represent different BME communities.
Religion or belief		X		The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, in consultation with civil society partners, including those that represent different faith communities.
Sex	X	X	Potential to generate resources for initiatives to tackle high rates of domestic	The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, working in consultation with civil society partners.

COMMUNITY AND EQUALITY IMPACT ASSESSMENT	
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				<p>violence and other issues that disproportionately affect one or other sex</p>
Sexual orientation	X	X		<p>Potential to generate resources for initiatives to tackle issues that disproportionately affect LGBT+ communities</p> <p>The Social Value Coordinator will monitor the impact of the new policy on different groups to inform the policy and how resources are allocated, working in consultation with civil society partners including those working with the borough's LGBT+ community.</p>
Any community issues identified for this location?	X	X		<p>The policy applies to the council's overall policy approach and seeks to secure resources across the borough</p> <p>The Social Value Coordinator will monitor the impact of the new policy on different parts of the borough. Contractors will also be directed to the Borough Data Explorer to identify relevant issues and locations that they could support, as well as local civil society groups and initiatives via B&D Giving.</p>

2. Consultation.

Provide details of what steps you have taken or plan to take to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups?

The activities major contractors will be encouraged to deliver as part of their Social Value plans are designed to support delivery of the Borough Manifesto vision and goals, which were formed through extensive consultation with the local community.

Community stakeholders including members of the Barking and Dagenham Delivery Partnership have been consulted on the priorities and approach to Social Value, alongside relevant Council policy and commissioning teams. A workshop was also held with local voluntary and community organisations to inform the policy and identify how the Council can work with local civil society partners and community representatives to maximise impact and ensure contractors build on and support existing initiatives in the borough.

The policy will be launched alongside an online public consultation and ongoing engagement with local voluntary and community partners to allow the Council to continuously improve the policy and approach. As part of this we will engage with groups that represent diverse communities including those with protected characteristics. The impact of the policy will also be monitored to inform a fair and transparent approach to resource allocation.

3. Monitoring and Review

How will you review community and equality impact once the service or policy has been implemented? <i>These actions should be developed using the information gathered in Section 1 and 2 and should be picked up in your departmental/service business plans.</i>		
Action	By when?	By who?
Recruit a new Social Value Coordinator to the Commercial Services team with responsibility for monitoring overall progress on the community benefits secured through the introduction of the new Social Value policy.	June 2020	Hilary Morris, Commercial Director, and Tess Lanning, Head of Enterprise and Employment Strategy
Establish benchmarks and processes to monitor and assess progress on the resources and outputs the policy delivers (number of jobs, apprenticeships, volunteers etc) – as well as how these are allocated and who the beneficiaries are.	October 2020	Social Value Coordinator
Review the impact of the policy – including the benefits to the overall community and particular disadvantaged groups – with a view to improving the approach on an ongoing basis.	June 2021	Head of Enterprise and Employment Strategy

4. Next steps

It is important the information gathered is used to inform any Council reports that are presented to Cabinet or appropriate committees. This will allow Members to be furnished with all the facts in relation to the impact their decisions will have on different equality groups and the community as a whole.

Take some time to précis your findings below. This can then be added to your report template for sign off by the Strategy Team at the consultation stage of the report cycle.

Implications/ Customer Impact

The new policy will allow the Council to more consistently generate additional social, economic and environmental benefits for residents, over and above the core services and programmes being delivered by the council.

In doing so it seeks to improve the resources available to meet the social and economic needs of residents, deliver improved outcomes and support equality. This will benefit local communities general, but will also seek to generate resources for disadvantaged groups – for example by giving additional consideration to Social Value proposals that create new job and training opportunities for people facing disadvantage in the labour market (including young people and those with disabilities), and securing resources to support existing council/civil society initiatives relating to local issues and priorities, including those that disproportionately affect groups with protected characteristics, such as domestic violence.

The impact of the policy will be monitored on an ongoing basis, including the number and types of outputs secured, how these are allocated and who the beneficiaries are, with a view to reviewing the policy and approach on an ongoing basis, in consultation with civil society partners including those representing groups with protected characteristics.

5. Sign off

The information contained in this template should be authorised by the relevant project sponsor or Divisional Director who will be responsible for the accuracy of the information now provided and delivery of actions detailed.

Name	Role (e.g. project sponsor, head of service)	Date
Graeme Cooke	Director of Inclusive Growth (divisional director)	29/04/2020
Hilary Morris	Commercial Director (project sponsor)	30/04/2020
Tess Lanning	Head of Enterprise and Employment Strategy (project sponsor)	30/04/2020

CABINET**19 May 2020**

Title: Retrofit Accelerator Programme for Corporate Assets	
Report of the Cabinet Member for Regeneration and Social Housing	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Neil Pearce, Commissioning Lead for Energy, Waste and Sustainability	Contact Details: E-mail: neil.pearce@lbbd.gov.uk
Accountable Strategic Leadership Director: Graeme Cooke, Director of Inclusive Growth	
<p>Summary</p> <p>The Borough is expected to support the Government's agenda in making the country carbon neutral by 2050 and the Council recently declared a climate emergency with an ambition to reach a net zero carbon target itself by 2030. To meet this, the Council is to commission a scientific and strategic piece of work to understand the borough's current greenhouse gases baseline and set a credible trajectory of actions and interventions for decarbonisation. Electrification of fleet and the retrofitting of existing housing stock and corporate assets will be a primary requirement of that strategy.</p> <p>With limited retrofit and carbon reduction expertise, the Council has been utilising technical support from the Mayor of London's Retrofit Accelerator Programme Delivery Unit (previously known as RE:FIT) to benchmark energy information, identify potential carbon and financial savings from the Council's corporate estate and provide indicative energy savings, funding streams and payback periods for retrofitting its greatest energy consuming assets.</p> <p>This indicative work is being shaped up for the Council to start Invitation to Tender (ITT) proceedings for a Partner Bid using Retrofit Accelerator's OJEU-compliant framework of pre-qualified energy service providers and run a mini-competition to appoint a suitable service provider. The bid will ask for a response to our retrofitting specification and allow the Council to assess the bidders' capability, pricing, costs for investment grade proposals and general approach to our project. The Council can then appoint a preferred partner with no obligations or penalties. Once appointed the partner provides a High-Level Appraisal (HLA) outlining a range of retrofit opportunities across a first phase of buildings with associated figures for capital investment, annual cost savings and carbon reductions. If these proposals are attractive and deliver against the Councils strategic objectives, the provider will devise an Investment Grade Proposal with a guaranteed level of savings. Alongside a funding proposal, this will return to Cabinet for approval. Should the HLA proposals be unsatisfactory then the Council is not compelled to take the process any further.</p>	

Recommendation(s)

The Cabinet is recommended 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.

Reason(s)

To support the Inclusive Growth agenda which seeks to transition Barking and Dagenham to a clean growth borough and facilitate a carbon neutral Council by 2030.

1. Introduction and Background

- 1.1 The Draft Inclusive Growth Strategy sets out a narrative relating to energy and sustainability which seeks to transition Barking and Dagenham to a clean growth borough. Fundamentally this is about ensuring that communities thrive in a cleaner, climate-resilient environment; which has access to affordable energy prices and helps generate renewable, clean energy supply; live in well ventilated, energy efficient homes; enjoy a greener choice of travel with electric cars, improved cycling routes and refreshed public spaces in which to walk.
- 1.2 These ambitions have been elevated by the political debate around decarbonisation which has intensified over the course of the last year, with the UK Parliament calling a climate change emergency in May and the Government's passing of legislation in June to cut greenhouse gas emissions to near-zero by 2050.
- 1.3 More recently, in January 2020, the Council declared its own climate emergency, calling for Barking and Dagenham to become the 'Green Capital of the Capital' and building upon the local Labour Party's 2018 manifesto pledge to cut the Borough's carbon footprint by 25% by 2025. It aims for the Council, its stock, assets and fleet to be carbon neutral by 2030 and to use best endeavours to make the wider borough net zero carbon by 2050.
- 1.4 The Council is due to commission an independent and scientific brief on its greenhouse gas emissions and carbon baseline, an assessment of what the Council can directly change and what it can influence to reduce carbon emissions and provide key targets which can translate into measurable, costed actions and interventions.
- 1.5 While this is not expected to report back until the Autumn, it is already evident that large-scale retrofitting of the Council's domestic stock and corporate assets will constitute the bulk of achieving the 2030 target. In terms of non-domestic stock, there has generally been little financial resource available to adopt a scaled-up or

even 'whole-house' approach to the retrofitting of the borough's assets, although street lights have been converted to LED-lighting and Barking Town Hall had some retrofitting measures installed as part of a refurbishment programme completed in 2018.

2. Proposal and Issues

- 2.1 Retrofitting our corporate assets remains a key plank of making the council carbon neutral by 2030. However, general budgetary pressures make significant upfront investment for retrofitting unlikely in the near future. The General Fund, which is responsible for the repairs, maintenance and upkeep of our buildings, lacks sufficient funds to meet this challenge.
- 2.2 There is also insufficient technical knowledge and expertise internally to identify the right low-carbon solutions for our buildings or confidently engage the market regarding investment grade proposals and performance monitoring and verification, without professional support or guidance.
- 2.3 A solution to this deficiency can be found in the Mayor of London's Retrofit Accelerator Programme Delivery Unit (PDU) which provides public sector organisations with the kind of technical, financial and procurement advice they require for scaled-up retrofitting programmes as well as access to an OJEU-compliant framework of 16 major energy service providers, skilled and tested in delivering large-volume energy conservation measures.
- 2.4 On behalf of the Greater London Authority (GLA), the PDU is currently operated by Turner and Townsend, a global consultancy advising on real estate, infrastructure and natural resources. To date it has advised more than 200 organisations on retrofit programmes which have saved 210,000 tonnes of carbon (tCO₂), over 550 different buildings, providing public sector organisations with more than £8.0m in fuel bill savings. Importantly, the support and advice package comes at no cost to the Council throughout the entire process from benchmarking, to procurement, through to monitoring and verification when the measures have been installed by the supplier (although not for project management for the installations which will be performed by My Place).

How could the Retrofit Accelerator framework work for Barking and Dagenham?

- 2.5 The PDU advises public sector organisations by benchmarking energy savings and pay-back periods to assist clients on how best to achieve retrofitting and guarantee carbon and actual fuel savings through their framework of energy providers. It also suggests external funding streams where council budgets cannot provide the upfront capital.
- 2.6 On the review of that data, the PDU can assist in drawing up an appropriate scope for a potential tender. This could be through:
 - A Partner Bid, where the Council's scope is more open to learning what is required and looks to appoint a capable provider which can eventually undertake an in-depth high-level appraisal of the technological needs of each building; or

- A Target Bid, where the authority has a very clear understanding of what it requires across the suite of buildings and seeks detailed pricing for energy conservation measures and performance

As it stands, Barking and Dagenham would be advised to follow a 'Partner Bid' approach. This allows the Council to work with a selected Partner to develop an optimal programme of works to deliver the highest level of saving across the estate.

- 2.7 Once the authority has decided its 'bid' level it can prepare the draft ITT documentation setting out its scope and move to the mini-competition stage. A Partner Bid will largely mean Barking and Dagenham appointing a delivery partner based on their capability, pricing, costs for investment grade proposal, general approach to our project and potential funding avenues. The Council can then appoint a preferred partner under a Call-Off contract with no obligations or penalties. Once appointed they can provide a High-Level Appraisal (HLA) identifying possible technological solutions/building optimisation. Should the proposals be unsatisfactory then the Council is not compelled to take the process any further.
- 2.8 Should the Council decide to progress, the project moves the partner bid to a more detailed, Investment Grade Proposal (IGP). At this stage the Council would become liable for costs incurred for detailed technical surveys and working up the IGP, should it decide to abort the scheme. However, the costs are not expected to be significant. The IGP provides a detailed technical solution with a guaranteed level of saving, which forms part of the contract.
- 2.9 Utilising the framework allows the Council to select a provider who then draws up a detailed energy conservation measures programme for the selected portfolio, setting out measures to be installed and method statements, carbon savings, costs savings, capital costs expected to be incurred, payback period and the measurement and verification regime.
- 2.10 Unlike a standard design and build contract where measures are installed and the job is completed, the Retrofit Accelerator framework provides for locking-in the service provider to binding prices for the work and binding guarantees on the energy savings, which cannot be below those proposed at mini-competition stages and stated in the IGP. The measurement and verification requirements ensure that the guarantees given by the installer are validated. Should the equipment fail to perform or the savings are not made, then it is incumbent upon the provider to rectify the fault or make a payment in lieu of what was meant to be saved.

Next steps

- 2.11 Under the Retrofit Accelerator framework, the PDU has assisted Barking and Dagenham in doing some initial desktop benchmarking of 32 of the highest energy consuming buildings owned by the borough. It has analysed annual fuel costs over the last three years of thirty or more buildings and estimated the energy savings per square metre and total predicted energy and carbon savings. These have been benchmarked based on project experience and data collected over the past eight years, examining the existing energy efficiency of the estate and by estimating how much it would cost to bring those buildings in line with industry benchmark

performance, it is purely to give an idea of scale and to inform the initial business case and tender.

- 2.12 The desktop exercise looked at the energy consumption of 32 buildings currently using 23,315,598 kWh of energy every year at a cost of almost £1.6m and responsible for churning out 4,869 tCO₂. Based on an estimated and conservative retrofitting capital investment sum of £2.1m, the Council could reduce fuel costs by 20% a year. This is roughly £318,000 a year with an estimated saving of 955 tCO₂. The payback period is less than 7 years. The investment cost and payback period may increase if the Council seek to adopt near-zero carbon installations but the range of options will be considered as part of the tender requirements.
- 2.13 It is anticipated that the work will be delivered in several phases with the potential objective of retrofitting all the corporate estate, possibly schools and harder-to-treat domestic properties (where possible) in the Borough. The Partner bid option also allows the Council to explore wider opportunities to reduce carbon emissions, this includes increasing the amount of solar PV, expanding EV charging infrastructure and investigating the feasibility of retrofitting heat pumps.
- 2.14 Equally, the Council can ask the service provider to support them on finding appropriate funding mechanisms and even to maximise retrofit which brings in subsidy such as Smart Export Guarantee (SEGs) or the Renewable Heat Incentive (RHI - or any replacement when it expires in March 2021). Alternatively, the Council can independently explore the funding opportunities through its own direct borrowing or what is specifically available through retrofit finance such as Salix, which is provided via an interest-free loan paid back through the predicted savings on energy usage or through the Mayor of London's Energy Efficiency Fund (MEEF) which provides low interest funding for projects in excess of £1.0m on the basis of senior/mezzanine debt and equity.
- 2.15 There would also need to be discussions with the leaseholders of several of the buildings which the Council owns, so that they are sighted well in advance of the potential proposals to retrofit. While the proposals have a clear invest-to-save basis for the Council within the buildings it directly operates, the energy bills for several the leasehold buildings will be paid by the lessee direct. This affects several large energy consuming assets which the Council needs to retrofit to meet its own targets for being carbon neutral by 2030. In these circumstances, the Council will have to begin conversations with those bodies about the benefits and potential funding support they may wish to contribute. Alternatively, the Council could pay for the works and then charge an energy service fee to the occupant. The occupants bill would not increase and they would pay a set amount per month until the investment is re-paid, at which point their bill decreases. This would obviously need to be agreed in advance with the occupant. The energy performance contract would guarantee that the savings would be achieved.
- 2.16 Should the project progress to Investment Grade Proposals and Cabinet agree to proceed with the proposal and borrow works will commence on site, in line with the agreed methodology. The installation period will depend on the different technologies that are being installed. This is a resource-intensive period and will involve dedicated commitment and oversight from My Place and Be First project teams. Our responsibilities are as per any building works carried out on our site,

including Construction (Design and Management) Regulations 2015 and asbestos management.

- 2.17 The implementation of the measures, commissioning and handover of the equipment are an important part of this phase of the project and the service provider should provide any necessary training for the new equipment, in accordance with maintenance arrangements. At this stage the organisation can begin to measure the energy and carbon reduction savings from the earliest point identified in the IGP.
- 2.18 As the service provider is responsible throughout the payback period for measuring and reporting the performance of the energy conservation measures, My Place will be responsible for oversight of the Measurement & Verification Plan, which is an integrate part of the IGP. The Service Provider will set up reporting systems and collect and verify the energy reduction data from buildings throughout the payback period. It must comply with all requirements of annual energy and bi-annual financial performance reviews throughout the payback period. Reporting requirements will include:
- The performance of all installed measures and energy initiatives.
 - Calculation and reporting in detail on energy and carbon reductions achieved over the reporting period.
 - Identification of installations that are underperforming, distinguishing between those where a deficit is of a short-term nature and those where the deficit is likely to be longer-term and establishing the reasons
 - Preparation and issuing of proposals to rectify any shortfall in performance and agreeing programmes for the implementation of any such rectification measures.
 - Identification of any external factors impacting on, or likely to impact on, the payback calculation.
 - Finally, the Service Provider must prepare Annual Reconciliation Reports throughout the payback period and a Final Reconciliation Report at the end of the payback period detailing energy and carbon reductions records over the annual reporting period.

3. Options Appraisal

- 3.1 With the recent climate emergency declaration and a commitment to being carbon neutral by 2030, the Council is not able to exclude retrofitting from its required activities to meet that target. Even without the scientific study baselining our greenhouse gas and carbon emissions, it is evident that decarbonising our buildings will be an essential element of that programme. Doing nothing is not an option.
- 3.2 The Council could independently approach the market, asking for solutions and then procure but with limited internal knowledge about low carbon installations, technology performance and savings validation, such a choice is fraught with risk and could lead to the Council adopting the wrong systems approach without guaranteeing any savings in carbon or fuel bills.
- 3.3 The proposal in this paper provides for fully-funded technical assistance and support from inception to monitoring over the payback period; direct access to a procured, pre-negotiated EU-compliant framework of major installers and service providers with experience and expertise in developing low carbon retrofit solutions

for public sector organisations and it provides for performance guarantees which justify our investment, while locking-in the installer, backed up by a robust verification and monitoring plan.

4. Consultation

- 4.1 Discussion to date has mainly involving relevant My Place teams, Inclusive Growth, and Education. The paper and proposal have also cleared the Assets and Capital Board, Corporate Strategy Group, Procurement Board and the Leaders' Advisory Group as part of decarbonisation planning.
- 4.2 No discussions have been had with leaseholders but the PDU and Inclusive Growth have committed to introducing the Retrofit Accelerator framework to relevant stakeholders once Cabinet has approved.

5. Financial Implications

Implications completed by: Sandra Pillinger, Group Accountant

- 5.1 This proposal seeks approval to develop a Partner bid tender utilising technical support from the Mayor of London's Retrofit Accelerator Programme Delivery Unit (PDU), at no cost to the Council. The PDU also suggest external funding streams.
- 5.2 The Council can then appoint a preferred partner under a call-off contract without obligation to take the process further if its proposals are unsatisfactory. If it is decided to move to an Investment Grade proposal (IGP) then the Council would become liable for the costs incurred in technical surveys and working up the IGP, should it be aborted.
- 5.3 A desktop exercise has identified a potential reduction in fuel costs of 20% per year or £318,000 from £2.1m retro-fitting capital investment.

6. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Contracts/Procurement Solicitor

- 6.1 This report sets out the intention of the Council to use the Retrofit Accelerator framework which has been procured by the GLA and Local Partnerships. It is noted that this framework has been tendered in accordance with the Public Contracts Regulations 2015 and advertised in OJEU and permits all public sector organisations access. This is therefore a compliant procurement route under the Council's Contract Rules providing any call off is made in line with the framework terms and conditions.

7. Procurement Implications

Implications completed by: Euan Beales, Head of Procurement & Accounts Payable

- 7.1 Use of an accessible open framework complies with current legislation and the Councils Contract Rules as an agreeable route to market. The question of value for money cannot be appraised at this stage without a formal specification and deliverables. But on face value this route looks a good fit to drive the programme

8. Other Implications

- 8.1 **Risk Management** - Risk management issues have been discussed in the main body of this report. More appraisal is required about the funding and borrowing implications, but this could also feature as part of the Partner Bid requirements. Unlike traditional design and build contracts using a single stage procurement, this approach provides for a phased and managed appointment of installer and high-level proposal before committing to investment grade solutions. Should the Council be dissatisfied with the outline proposition it is under no obligation or penalty to take the process any further.

If the Council did progress to investment grade proposals, then it may incur some costs for design and surveying should it choose to abort. The costs of this are a factor to be considered in tender. If the Council chooses to proceed with the installs, the verification, monitoring and rectification provisions of the project mitigate against the Council being burdened with defective installs which are not matching the carbon and fuel savings guaranteed in the investment grade proposals.

- 8.2 **Contractual Issues** - Matters are yet to be decided but all agreements and contracts of works must cover indemnities, warranties and liabilities relating to the installation of works. In terms of contract, the framework offers flexibility. At present, based on previous Retrofit Accelerator schemes, the JCT is traditionally used, due to ease of administration however the option will be discussed further with Corporate Procurement and My Place as part of the tender process.
- 8.3 **Staffing Issues** - At this stage staffing of the project will be met through existing resources within Inclusive Growth, Procurement and My Place. However, as the project moves into its procurement phases, officers will begin to put in place in the project management process and plan the appropriate reporting lines into the governance structure to allow for continual oversight from inception through to the completion of the payback period. There is likely to be demand for a specific project manager within My Place to oversee the day to day operations.
- 8.4 **Corporate Policy and Equality Impact** - Any works that enhance the energy efficiency of dwellings should cut fuel bills and make carbon savings, giving justification to this investment. The Council and the leaseholders have borne the brunt of rising fuel prices while using our largely energy inefficient portfolio of buildings or through lack of proper optimisation of heating and energy systems. The Retrofit Accelerator framework provides solutions for both issues.

The proposal is neutral in its impact upon the protected characteristics outlined in the Equality Act 2010.

- 8.5 **Health Issues** – Reducing the carbon levels of public buildings positively contributes to mitigating the wider impacts of climate change and improving air quality.

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

List of appendices: None