

CABINET

25 May 2021

Title: Development of Land at Transport House, 46-48 New Road, Dagenham	
Report of the Cabinet Member for Finance, Performance and Core Services and the Cabinet Member for Regeneration and Social Housing	
Open Report with Exempt Appendix 2 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Wards Affected: River	Key Decision: Yes
Report Author: Lily Kwong, Be First	Contact Details: E-mail: Lily.Kwong@befirst.london
Accountable Director: Ed Skeates, Development Director, Be First	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director, and Graeme Cooke, Strategic Director, Inclusive Growth	
Summary, In January 2020, Be First were approached by developer 'Hollybrook Limited' with the opportunity to purchase a 149 units residential development at a site located south of New Road, Dagenham. The site (shown in appendix 1) consists of Transport House (0.14 hectares) and part of Premier Inn Dagenham's existing car park site (0.22 hectares). The Transport House site, owned by the Council, consists of a four-storey purpose-built office block and car parking. It is currently vacant and was previously occupied by Unite the Union until December 2020 when they moved to their new Dagenham East premises. Hollybrook Limited has acquired exclusive right to carry out development over part of the Premier Inn Car Park. An opportunity has been offered to the Council to work with Hollybrook to deliver a single development scheme across both the Transport House site and Premier Inn car park site. The proposal is for Hollybrook to deliver the overall development scheme and for the Council to purchase the final development scheme of 149 units for a fixed price from Hollybrook Limited via a 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 and Barking and Dagenham Homes Limited as part of their residential portfolio with any financial surplus made being paid back to the Council. The Council will retain the freehold of Transport House while acquiring the freehold of the Premier Inn car park site at the end of the development. There are significant regeneration benefits for the Council in bringing forward the development and purchasing the scheme. The proposed scheme brings together two plots of land, one in private ownership and one owned by the council. The proposal provides an opportunity to coordinate and maximise housing delivery across the site. This creates a more efficient use of the land, reduces development costs and also means	

delivering one building that enable the creation of better sense of place around the development and stronger frontage to New Road.

Buying the development 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. The Council also has access to financial support from the GLA.

Recommendation(s)

The Cabinet is recommended to:

- (i) Approve the preferred option and tenure mix as set out in the report which would deliver 50% market rent and 50% affordable housing comprising 45 Affordable Rent homes let at up to 80% of market rent and 30 London Affordable Rent (LAR) homes;
- (ii) Approve in principle to enter into a Development Agreement with Hollybrook Developments to deliver 149 units for a total development cost of £44.5m for expected completion in 2024 subject to satisfactory due diligence;
- (iii) Approve in principle the borrowing of up to £37.7m within the General Fund to finance the entire development subject to satisfactory due diligence;
- (iv) Agree to allocate up to £3.8m restricted Right to Buy receipts, if required, to fund the construction and professional fees to support the financial viability of the affordable housing delivery;
- (v) Agree to allocate £3m GLA LAR grant funding, subject to a successful bid, to support the financial viability of the LAR tenure;
- (vi) Note that the scheme meets the Council's Investment and Acquisition Strategy financial performance metrics;
- (vii) Agree to the use of an existing or the establishment of a Special Purpose Vehicle(s) as required within the Barking & Dagenham Reside structure to develop, own, let, sell and manage and maintain the homes in accordance with the funding terms in a loan agreement between the Council and Special Purpose Vehicle; and
- (viii) Delegate authority to the Managing Director, in consultation with the Strategic Director of Law and Governance, to agree and execute any 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 Councils residential portfolio
- Deliver a financial return to the council through a long-term income stream

1. Introduction and Background

- 1.1. The development opportunity has been offered to Be First and the Council by Hollybrook Ltd (Registered No: 06867406) purchase the 149 new homes. This will deliver new 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. The Council also worked with Hollybrook on the Chequers Land development on the delivery of 62 residential units following Cabinet approval in May 2020.
- 1.3. With Hollybrook acquiring an exclusive right to carry out development over part of the Premier Inn Car Park, an opportunity has been offered to the Council to work with Hollybrook to deliver a single development scheme across both the Transport House site and Premier Inn car park site. It is proposed for Hollybrook to deliver the overall development scheme and for the Council to acquire the final development scheme of 149 units at a fixed price.
- 1.4. The proposed development site is located south of New Road, Dagenham, measures approximately 0.36 hectares. It consists of part of Premier Inn Dagenham existing car park site of 0.22 hectares (2,183sqm) and Transport House of 0.14 hectares (1,423 sqm).
- 1.5. The Premier Inn site is mainly to the west of Transport House consists of the hotel building in the north west and a large car park bordering Transport House. Hollybrook has secured principal agreement from the landowner Whitbread on the development rights over parts of the car park.
- 1.6. Transport House, acquired by the council in 2019, consists of a four-storey purpose-built office block dating back to the 1970s, constructed with a reinforced concrete frame. The site, currently vacant, was previously occupied by Unite the Union until December 2020 when they relocated to their new Dagenham East office.
- 1.7. The surrounding area, mainly residential to the north and commercial to the west, 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 within 10-minute walk to the south and Dagenham Heathway station 15-minute walk to the north.

2. Proposal and Issues

- 2.1. The proposal is for the Council to grant a license to Hollybrook for the construction at the Transport House site, and the development and subsequent purchase of the

completed 149 units. This will be agreed via a development agreement (subject to satisfactory technical and legal due diligence) under exclusivity exemption provision. This proposal allows the council to achieve best value in terms of housing delivery and commercial return by working with adjacent landowner.

- 2.2. 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 residential portfolio with any financial surplus made being paid back to the Council.
- 2.3. The completed development will see the council own the freehold of the whole development site and the developed units (i.e. both those on the Premier Inn car park and Transport House) subject to the agreement to grant a long leasehold to Whitbread for the car parking area to be re-provided for the hotel.
- 2.4. 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 whole site's ownership will transfer to LBBD following the Golden Brick payment.
- 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. 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 the grant to support the London Affordable Rent (LAR) units should be available to the Council if the decision to progress was taken.
- 2.8. Transport House is included in the Be First Business Plan 2020 list of sites that form the Council's Investment Programme as a potential pipeline scheme of circa 50 units that could be delivered in 23/24. The scheme is now forecast to be delivered in 2024/25 with 149 units, above what was assumed in the Business Plan.
- 2.9. The turnkey solution provides a number of benefits to the Council, including:
 - Additional housing units – With the inclusion of the Premier Inn car park, the proposal optimises the use of land and unlock additional housing delivery.
 - Cost & 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
 - Quicker delivery and income
 - Asset value growth

- 2.10. Key financial metrics on the proposal are included in 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).
- 2.11. The proposed scheme has been considered with respect to the wider area's regeneration context. While there are ongoing longer-term regeneration plans such as Beam Park and former Ford Stamping Plant to the east and south of the site, there are also developments that will be completed before this scheme, such as Merriellands Crescent, Chequers Lane and a new SEN school to the east of the site. Future residents of this scheme will therefore be benefiting from an existing neighbourhood and its amenities.
- 2.12. Early discussions have been held with neighbouring landowners and developers to coordinate design delivery and public realm provision to ensure maximum integration of the proposed scheme with future regeneration plans. This allows the development of individual plots to have regard to the future uses in neighbouring plots.

3. Options Appraisal

3.1

Option	Advantages	Disadvantages
Do Nothing	<ul style="list-style-type: none"> • No cost to the Council 	<ul style="list-style-type: none"> • Less homes delivered • No homes to be added to Council's residential portfolio • Negative net cost for holding Transport House • Loss of revenue income • No delivery control on private land
Be First direct delivery	<ul style="list-style-type: none"> • Direct control on Transport House delivery • Support the regeneration of South Dagenham 	<ul style="list-style-type: none"> • Less homes delivered without access to private land • Less homes to be added to Council's residential portfolio • Higher delivery risk • Higher construction cost • No delivery control on private land
As set out in recommendation	<ul style="list-style-type: none"> • Delivery of new and affordable homes • Income generation • Support the regeneration of South Dagenham • More control over delivery timeframes 	<ul style="list-style-type: none"> • Risk of developer default

4. Consultation

- 4.1. The development will be subject to public consultation through the planning process.
- 4.2. The proposal in this report was considered and endorsed by the Council's Investment Panel in March 2021.
- 4.3. Briefing with River Ward Councillors was held in April 2021.

5. Commissioning Implications

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

- 5.1. The proposed scheme brings together two plots of land, one in private ownership and one owned by the Council. The site of the proposed development is on the edge of a major brown field regeneration project (Beam Park) and has the potential to act as a gateway site to the wider regeneration area.
- 5.2. Entering this agreement provides an opportunity to coordinate and maximise housing delivery across the site. This creates a more efficient use of the land, reduces development costs and also means delivering one building which better for creating a sense of place around the development.
- 5.3. Be First and the Council are working with Hollybrook on a turn-key development at Chequers Lane. To date, feedback from officers involved in this project has been positive about both the quality and approach Hollybrook take to delivering projects.
- 5.4. The tenure and bedroom mix have been agreed with the council and Reside. The decision to include an element of market rent in this development was taken on the basis that even before the wider regeneration of the area progresses, the site still benefits from good transport connections and access to local shops and services.

6. Commercial Implications

Implications completed by: Hilary Morris, Commercial Director

- 6.1. The proposal is recommending approval of a development agreement with Hollybrook to procure 149 residential units under a fixed price transaction.
- 6.2. This option has been proposed on the basis that the transaction will deliver an increased number of units, in a strategic regeneration location, than could be achieved by the Council independently developing units on Transport House alone.
- 6.3. The Be First Business Plan indicated that 53 units could be achieved at Transport House through direct delivery. Although the proposal is slightly more expensive the viability metrics are improved through the larger development.
- 6.4. The report sets out that the Council will enter into a development agreement without competition on the basis that it can rely on an Annual turnover of £40m and low risk of business failure exclusivity exemption to its Public Contracts.

Regulations obligations given Hollybrook will have secured an exclusive right to part of the site being developed. Gowlings have advised on this aspect of the transaction which indicates that this position is considered reasonable however a voluntary transparency notice could also be issued which would reduce the time limit for a third party potentially being able to bring a challenge. Gowlings recommend that this action be considered with Hollybrook Limited and its advisers and as such it would be recommended that this be actively considered by Be First as part of this approval.

- 6.5. The due diligence report on Hollybrook's financial standing indicates they have an annual turnover of £40m, tangible net worth of £31m and assets of £49m. The report considers Hollybrook to have a low/moderate risk of business failure although it must be noted that some financial markers outlined in the report do show a deterioration over the past 12 months and therefore due diligence on Hollybrook's financial standing should be reconfirmed prior to the contracts being executed.
- 6.6. The report sets out that step-in and other protections will be implemented within the development agreement and that a full suite of warranties will be made available to the Council to ensure it has adequate protection in the event of developer failure.

7. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

- 7.1. The Transport House, New Road investment proposal includes Transport House (purchased by the Council in 2019) and part of the Premier Inn car park, which Hollybrook Limited have exclusive rights to carryout development on (rights provided by Whitbread).
- 7.2. Total long-term borrowing costs are £37.72m, with total development costs at £44.48m. £6.76m of grant, including Right to Buy receipts will be required. A base price has been agreed and to meet the Council's specification requirements.
- 7.3. The proposed scheme seeks to deliver 149 units, with 45 affordable homes, 30 LAR units and 74 PRS units. The LAR and PRS units are required to cover the shortfalls in income from the LAR units.
- 7.4. Although the returns average for the first 12 years, with a number of deficit years. There is uncertainty and greater risk from 50% of the scheme being PRS and it would be expected that the margins would be higher for this scheme. Lifecycle costs at £2.5k per unit are high and should improve the return if revised estimates are below this cost.
- 7.5. The report includes other options, including sale of the land or hold options. Both have been rejected as redeveloped is preferred. The option of Be First building either a smaller scheme of 53 units or obtaining development rights from Whitbread. This would be the usual route the Council would take and although it has been rejected as an option, there is insufficient detail outlining why this option was rejected.

- 7.6. There is significant regeneration in the area and it will be essential that this scheme is part of this redevelopment rather than lies at the edge of the development and is shut off from accessing the parks and infrastructure the developments will bring. The scheme will border two schools and the Premier Inn and a main road and therefore the location is not ideal and the impact on marketing the units, especially the PRS will need to be carefully considered. Further clarification of the build, including the look and feel of the units that will be located above the current Premier Inn car park should be highlighted in the report.
- 7.7. The spend profile includes a contingency and if it is not used it will improve the schemes return profile. Interest has been modelled for the development. This will be capitalised against the project and, although this increases the overall build costs, this reduces the pressure on the Council to cover the development period borrowing costs.
- 7.8. A service charge of £25 per unit per week has been included. Management and Maintenance are the standard assumptions used.
- 7.9. Further information on the key financial metrics are included in Appendix 2.

8. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

Introduction

- 8.1. This report seeks the Cabinet authority for the Council to make an investment in a development known as 'Transport House'. It is on the south side of New Road (A1306). The development is proposed to be built by the Council pooling that part of the site owned by the Council and acquiring part of the car part owned by Premier Inn (Whitbreads). The Council's land was formerly used as a trade union office. The Council's development Company BeFirst was approached by the current developer who has acquired the right from Whitbreads to develop part of their site. The proposal is in a nutshell, that the Council enter a development agreement (which may be via a Reside Special Purpose Vehicle) with Hollybrook Developments to deliver 149 housing units for a total development cost £44.5m on a turn-key basis for expected completion in 2024, subject to satisfactory due diligence, including acceptable parent company and SPV checks and security arrangements. The transaction is anticipated to utilise the "golden brick" process. This is a method for establishing the most effective tax arrangements by transferring ownership at a certain point in the construction process.

Power to Carry out the Transactions

- 8.2. The Council has the power to enter directly or by a Reside SPV the development agreement 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.

- 8.3. The general power of competence under section 1 of the Localism Act 2011 provides the Council with the power to do anything that individuals may generally 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. So, the Council can establish a Special Purpose Vehicle (SPV). Section 4 of the Localism Act 2011 provides, where the proposal or activity is for a commercial purpose the activity must be delivered through a company which would include a SPV.
- 8.4. Notably, the purpose of this proposal is to drive regeneration, to increase supply of affordable housing. Further support is available under Section 111 of the Local Government Act 1972 (1972 Act) 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.
- 8.5. In exercising the power of general competence and in making any investment decisions, the Council must also have regard to the following:
 - Compliance with the Statutory Guidance on Local Government Investments;
 - Fulfilling its fiduciary duty to taxpayers;
 - Obtaining best consideration for any disposal;
 - Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State);
 - Compliance with any other relevant considerations such as state aid and procurement.
- 8.6. Section 15 of the Local Government Act 2003, which 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). The definition of an investment includes 'all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit' and for the avoidance of doubt it includes 'loans made by a local authority to one of its wholly-owned companies or associates'. In accordance with the Guidance (paragraphs 33 and 34), Councils can provide loans to their wholly owned vehicles, without adhering to a narrow definition of prioritising security and liquidity in relation to the investment in question, 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
 - iv. The Council has formally agreed the total level of loans by type and the total loan book is within self-assessed limits.

Land Disposal Consents – Transport House

- 8.7. As established the Council owns the Transport House site. Such an asset will be held in the Council's General Fund. Now, section 123 of the 1972 Act provides that a local authority may dispose of land held by them in any manner they wish providing that the disposal is for a consideration that is the best that can be reasonably obtained. If the consideration passing between the Council and the SPV for the land to deliver the development is not the best consideration reasonably obtainable in an arms length transaction, the disposal will require the consent of the Secretary of State. Whether the consideration obtained for the disposal is the best that can be reasonably obtained is a valuation question. Officers should instruct a valuer to determine the S.123 valuation for the property before a final decision to sign off the project (following Investment Panel Gateway 4 stage) and whether it is for the best reasonably obtainable consideration. Alternatively, if a SPV is not used then the disposal may occur later in the process to in all likelihood a Reside holding company. The same considerations will apply.
- 8.8. Under section 128(1) of the 1972 Act where consent to a disposal is required, the Secretary of State may issue a particular or give a general consent for certain types of disposal. The General Disposal Consent (England) 2003 has been issued pursuant to section 128(1) of the 1972 Act. This gives consent for a local authority to dispose of land for less than the best consideration that can be reasonably obtained if:
- i. the local authority considers that the purpose for which the land is to be disposed is likely to contribute towards achieving any one or more of the following objectives in respect of the whole or any part of its area, or of all or any persons resident or present in its area:
 - a. the promotion or improvement of economic wellbeing;
 - b. the promotion or improvement or social wellbeing;
 - c. the promotion or improvement of environmental wellbeing; and
 - ii. the difference between the unrestrictive value of land to be disposed of and a consideration for the disposal does not exceed £2m.
- 8.9. Unrestrictive value is defined as the best price reasonably obtainable for the land on terms intended to maximise the consideration, assessed in accordance with the procedures set out in the Technical Appendix which is annexed to the general consent. Therefore, before a final decision is made on the transfer of the property to the SPV, the must obtain valuation advice from a d qualified RICS valuer as to the difference between the unrestricted value and the consideration received, and that such consideration either amounts to best consideration or is within the parameters of the General Consent. In terms of the acquisition of the car park the Council can again utilise its Localism Act 2011 general power of competence and has further power with section 120 LGA 1972 to acquire land for the benefit and improvement of the borough.

State Aid and Subsidies – New Regime

- 8.10. Since the UK has left the EU and signed the Trade and Cooperation Agreement, and the Europe Union (Future Relationship) Act 2020 legislation has been passed.

It has not liberalised abilities for Local Authorities to set favourable loans or support enterprises. The final regime at time of writing has yet to emerge. The UK still has World Trade Organisation obligations. Nevertheless, until there is a general enabling power for the public sector to provide assistance, the existing principle that to avoid challenges of State Aid or Subsidies, transactions should be at market and economic operator terms still applies. Thus, any loan or finance passed to the project must be at market terms. Same too when considering the Transport House site when it is eventually disposed of into for example a Reside Vehicle, then unless the land is transferred at the said unrestricted value it could be treated as a form of State Aid or Subsidy. Furthermore, even if there were latitude, there remains an overriding principle of fiduciary duty on the Council in its stewardship of its assets and to manages its finances prudently and obtain best consideration in its endeavours.

- 8.11. The proposal is that the housing constructed will be delivered to the Council on a “turnkey” basis. That means the ownership passes in a form ready as to be agreed.

Funding Specifics

- 8.12. As set out in the Report proposal a potential source of funding is from the GLA. The benefit with the GLA funding is that the Council will not increase its indebtedness but will be subject to the conditions of the GLA funding. Consideration must also be given to the impact of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) which from April 2013 placed restrictions on the use of Right to Buy receipts in conjunction with other funding. Officers and decision makers must be satisfied that combining funds in the manner envisaged is acceptable and within the rules. Although currently the Government is giving consideration to relaxing the rules around use of RTBs this has not yet taken place.

Procurement

- 8.13. The Council has sought advice with regard to the procurement process taking into account the need to comply with the Public Contract Regulations 2015 as amended.
- 8.14. Human Rights – As the development project as described does not seek the use of compulsory purchase powers or displacement of any residents there does not appear to be any critical risks associated with a Human Rights Act challenge, nevertheless, matters should be kept under review in case such considerations should arise.

Development / Land Risks and Considerations

- 8.15. Apart from the requirement to acquire an interest in the development 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 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 development of the land. In terms of environmental, construction and operational risks, extreme caution must be

exercised in a location so close to a still very busy highway the A1306. Being so close to the past intensive industrial land use may raise risks of historical land contamination and potentially presence of ordinance. 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 the development 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 investment and acquisition price and do not compromise the viability of any residential development.

Taxation

- 8.16. As a commercial enterprise the proposal will be subject to a variety of taxation issues including SDLT, VAT and Corporation taxes. Specialist advice will need to be procured to ensure the most tax efficient structure is identified before any binding commitment is entered into.

Future Regulatory Issues

- 8.17. As currently structured the arrangement means that the Council / SPV will have overall responsibility for the building. New legislation regulating tall building operators is in draft form (Fire Safety Bill and Building Safety Bill) these will place further obligations on landlords. Furthermore, additional legislation may follow post the publication of the Grenfell Public Inquiry Report. These obligations are inevitably going to have cost implications and forward anticipation of the risks and liabilities and costs of such measures do need to be factored into the evaluation model of this development and its viability. Having said that the Council as an operator of tall building housing ought to be well placed to apply its growing expertise to such challenges.

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.
Risk (4)	Risk: Lettings risk on market rent product Mitigation: Project to seek early and active marketing of units.

- 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. **Corporate Policy and Equality Impact** – This proposal will create 149 homes for residents of B&D, with a mix of 50% market rent and 50% affordable housing, contributing to the delivery of the Council’s Inclusive Growth ambitions and targets, as set out in the Borough Manifesto and Corporate Plan. The development will make efficient use of the land, which is currently non-residential, and create amenity spaces to build a sense of place. There are no specific equality implications to be considered at this stage.
- 9.5. **Safeguarding Adults and Children** – The proposal will provide new homes and amenity space as part of the development.
- 9.6. **Health Issues** – The proposal is for affordable housing to be made available to borough residents in need of affordable housing. The development will deliver private and communal amenity space.
- 9.7. **Crime and Disorder Issues** – The scheme will be scrutinised through the planning process, including Secure by Design review to reduce any crime or disorder arising from the new development.
- 9.8. **Property / Asset Issues** – The proposal will involve purchasing the site and building from the developer by way of a Development Agreement. The asset will be leased to BD Reside.

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

List of appendices:

Appendix 1 - Site Plan

Appendix 2 - Key Financial Metrics (exempt appendix)