


Grants Determination (Cabinet) Sub-Committee 16th January, 2019	 TOWER HAMLETS
Report of: Acting Corporate Director of Place	Classification: Unrestricted
Ocean Regeneration Trust / Harford Street Community Centre: grant funding 2018 - 2022	

Lead Member	Councillor Rachel Blake
Originating Officer(s)	Niall McGowan – Housing Regeneration Manager Imelda Burke – Regeneration Officer Alan McCarthy - Interim Head of Asset Management
Wards affected	St Dunstons
Key Decision?	No
Forward Plan Notice Published	27/11/18
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	

1. EXECUTIVE SUMMARY

- 1.1 This report updates Grants Determination Sub-Committee on the ongoing work of Ocean Regeneration Trust (ORT) in bringing socio-economic improvements and investment into the Ocean area. ORT was set up in accordance with New Deal for Communities (NDC) succession and legacy requirements as a vehicle for ongoing local regeneration. The Council retains overview via a seat on ORT's Board and close officer involvement.
- 1.2 The report requests:
- 1.2.1 allocation of £80,000 grant to ORT for 2018/19, funded as agreed in previous years by an interim provision of revenue from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and supplemented by revenue from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd) which is now coming on-stream;
- 1.2.2 allocation of £809,000 grant to ORT for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd: this grant will support ORT's ongoing projects and core activities for this period, and specifically will enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre.

1.2.3 allocate a further provisional grant of £61,000 as a contingency should ORT not be eligible for the anticipated 80% community rent discount, as explained in the report.

1.3 It has been hoped ORT could take a lease of the Community Centre and manage it to achieve the council's long-term aspirations. ORT is well-established, has sound governance including Council participation and a remit to support regeneration legacy in the Ocean area. This approach, though expensive initially, is arguably cost-efficient as ORT is already part-funded by the Council and would direct a proportion of the proposed grant towards the running of the Centre.

Decision Type

Key Decision?	Urgent Decision?	Exempt from Call-In?	Restricted Report or Partially Restricted (e.g. appendix)?
No	No	No	No

2. RECOMMENDATIONS

2.1 The Grants Determination Sub-Committee is recommended to authorise the Acting Corporate Director of Place to:

2.1.1 pay ORT £80,000 grant for 2018/19, as explained in the report, funded by a combination of revenues from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and as available from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd), to support ORT's ongoing projects and core activities for the current financial year;

2.1.2 pay ORT grant in the sum of £809,000 for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd, as set out in the report, to support ORT's ongoing projects and core activities for this period, and to enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre;

2.1.3 allocate a further provisional grant of £61,000 as a contingency should ORT not be eligible for the anticipated 80% community rent discount, as explained in the report;

2.1.4 note the arrangements for transitional council officer support and monitoring set out in para. 7.14.

3. REASONS FOR THE DECISIONS

3.1 The first of these grants (£80,000) will enable ORT to meet its commitments for 2018/19 to deliver socio-economic improvements and investment into the Ocean Estate area. It will comprise income from both the existing and new shops on Ben Jonson Road.

3.2 Secondly, the grant requested for 2019 – 2022 (£809,000), will formalise funding arrangements for ORT that have long been envisaged, including some £528,000 income from the council's new shop units on Ben Jonson Rd to supplement ORT's only other income stream of residential ground rents committed by the council's

regeneration partners in the area (L&Q and Bellway): this Council grant will enable ORT to continue its valued programme of community projects for the next 3 years.

- 3.3 Thirdly, the continued provision as grant during 2019 – 2022 of rental income from the existing shops (£281,000) will help underwrite the estimated costs and associated risks for ORT in agreeing to take on a lease of the Community Centre, in order to manage and develop it with greater focus for the needs of the local community.
- 3.4 As explained below, the Council has long-committed to make available to ORT the income from the new shops in Ben Jonson Road: the provisions in this report effectively direct part of that revenue – via ORT’s management role – to help fund and improve the Community Centre, creating the potential for more effective management by a local community organisation and relatively better value for the council.
- 3.5 However ORT would need to gear itself up to run a community centre and can only enter into the proposed lease if the Council gives funding certainty for the 3 year period which the lease covers, otherwise ORT’s core community programmes could be put at risk.
- 3.6 The proposals in this report, alongside provisions in the lease, will remove much of the risk and should enable ORT to enter into the agreement.
- 3.7 Although the sums requested are significant – i.e. because they fund a 3 year period - this approach will essentially utilise and redirect funds from existing shops revenue that the Council would have to spend anyway, if it continues to manage the Harford Centre itself.
- 3.8 The decisions requested will direct Council (retail units) revenue to a third party community organisation. On balance this is considered to represent good value as community needs will be better addressed by the new management arrangements; and the direct costs to the Council for Harford Centre will be roughly equivalent to the present, but with the potential to reduce the operating deficit in the longer term if ORT makes a success of this initiative.
- 3.9 The grant to ORT will fund projects primarily benefitting residents from St Dunstons wards; it will also support and develop the Harford Centre which similarly helps to meet the needs of residents predominantly from this ward, but also from other nearby wards.

4. ALTERNATIVE OPTIONS

- 4.1 The decisions requested will direct Council revenue (from specific local retail units) as grants to a third party community organisation operating in the Ocean area to provide charitable regeneration legacy funding to the local community. ORT’s operations fulfil commitments made by the Council to central government when it obtained NDC funding for the regeneration.
- 4.2 The principle of supporting ORT through this type of grant represents the council’s contribution to legacy funding for the area, alongside an ongoing contractual contribution made year on year by the council’s regeneration partners in the area, L&Q and Bellway.
- 4.3 ORT is well-established and has committed to funding specific community projects in the current financial year. A failure to provide the proposed grant for 2018/19 as set

out in Recommendation 2.1.1 would leave the organisation in financial difficulty and render it unable to retain a prudent reserve or to plan to provide ongoing support to the projects which depend on it in 2019/20. The diverse projects would be jeopardised in Quarter 4 negatively impacting on their beneficiaries. There is no reasonable alternative other than for the Council to provide this grant.

- 4.4 In terms of the grant requested in Recommendation 2.1.2 which will both support ORT's activities and enable it to enter into a lease to manage Harford Community Centre by underwriting the anticipated operational deficit, the alternative would be for the Council to not enter into the lease for the premises with ORT.
- 4.5 In this circumstance the Council would need to decide how much grant it would wish to give to ORT solely for its proposed core activities for 2019/20, or for a longer period to enable better planning, acknowledging that the revenue from the new shop units on the north side of Ben Jonson Road (Nos 41-73 odd) has always been intended to fund the council's ongoing legacy commitment. Again any funding uncertainty for ORT would be likely to impact negatively on its project delivery and the recipients of the services it funds via grant.
- 4.6 Based on its present business plan for its core activities ORT would require Council grant of at least £125,000 in 2019/20 to support its envisaged project programme and running costs of c. £250,000 (taking into account its ground rents income stream of £118,000 next year). Consideration would also need to be given to funding for future years so ORT's Board could consider whether it should seek to expand its community activities after 2019/20 or simply continue to support its existing projects.
- 4.7 Whilst the Council by not entering into the lease for the Centre would no longer need to include in the grant some £281,000 of shops revenue to subsidise the operational deficit via ORT, such a deficit would still most likely exist and the Council would need to make a similar call on this funding, or other Council resources, to address this, whilst it determined how best to resolve the management hiatus for the Centre. There seems little to be gained in the medium term by this course of action if the Council remains committed to linking ORT to the running of the Centre, to achieve the benefits which should accrue from this.

5. OCEAN REGENERATION TRUST (ORT)

- 5.1 ORT was set up in 2008 as a regeneration legacy charity, fulfilling an Ocean NDC commitment. The Council is represented on its Board, which officers also attend, along with local residents, independent members and L&Q as the Council's regeneration partner and a major landlord in the area.
- 5.2 ORT's primary role is to support projects furthering socio-economic benefits for residents of the former Ocean NDC area. It has been delivering these core activities in line with the council's NDC Succession Strategy and has become a key stakeholder in the community.
- 5.3 In 2016 the Ocean and Limehouse Community Review identified a need for greater community capacity and involvement to address gaps in services and provide better integration and stronger governance, and a key role for ORT. Concerns included -

- Persistent low employment levels, particularly for women and some ethnic minorities;
- High levels of child poverty and the impact of welfare benefit changes on an already deprived community;
- Local people priced out by spiralling housing prices and the danger of a polarised community;
- Low levels of health and life expectancy;
- Growth and development impacting on local infrastructure and services;
- The need to be vigilant and tackle the potential for radicalisation and extremism; and
- The impacts of austerity and public sector cuts.

5.4 Previous reports have secured necessary grant funding for ORT and have enabled it to sub-let the first floor of the Community Centre from the council; ORT has recently entered into a further 3 year lease to be based at the Centre and to continue running the Stepney Life Centre in partnership with City Gateway.

5.5 ORT Funding

For the first three years of its operations ORT was funded by £300,000 NDC monies. Subsequently the Council has planned for ORT's long-term funding to come from two reliable sources:

5.5.1 ground rents from new residential properties developed as part of the regeneration (a contractual provision with L&Q / Bellway);

5.5.2 income from the new retail units (Nos 41-73 odd) on the north side of Ben Jonson Rd, which were constructed and fitted out to reinvest in the community via ORT.

5.6 The ground rents (which are not a discretionary grant) are paid annually to ORT via the Council, which collects them from L&Q and Bellway. Increasing annually in line with RPI, this income is projected to be c. £118,000 in 2019/20, rising to c. £148,000 by 2021/22, as the sales from the second phase of L&Q's Ocean new-build complete.

5.7 However the income stream from the council-owned shops, which has previously been agreed for ORT – see 5.12 and 7.7.1 below - must be approved and paid as a Council grant. Therefore annual Council grants to ORT of c.£80,000 from shop rental income (on the south side of Ben Jonson Rd) have been agreed in recent years, as an interim measure to cover a short-fall whilst ground rents were accruing and in lieu of the income from the new retail units on the north side of Ben Jonson Rd.

5.8 The new shops are now being let and the income from these - allowing for initial rent-free periods, loan repayments and management fees - is becoming available for transfer to ORT. This is anticipated to be c. £36,000 in 2018/19; c. £148,000 in 2019/20; and c. £190,000 per year from 2020/21 onwards.

5.9 This report seeks to transition the main grant funding to support ORT's core community activities from the existing shop units on the south side of Ben Jonson Rd, to the new retail units on the north side as always envisaged. In 2018/19 the new

income source will comprise c. £36,000 of the requested £80,000 grant. From 2019-2022 some £528,000 of this new Council income needs to flow as grant to ORT, to fund both its core activities and contribute to the running of the Centre.

- 5.10 Since it acquired the Harford Community Centre the Council has in practice continued to utilise revenue from the existing Ben Jonson Rd (south) shops to meet an operational deficit of c.£95,000 per year (after income to the Centre is taken into account) to fund in-house management of the premises. If ORT is to take on management of the Centre for the next 3 years it will need to receive a similar amount of revenue from the existing shops (c. £281,000 in total), via grant, to cover a comparable deficit over the period. This is explained below. A further contingency provision maybe required if ORT does not receive the anticipated 80% community rent discount, as in this scenario the Council will require a stepped rent to be paid which would cost c. £61,000 more than the discounted rent over the lease period.
- 5.11 ORT's main delivery partnership is with City Gateway, who is based on the first floor of the Multicentre (Stepney Life) and working closely with the Trust on a programme of specialist womens' services. This has embedded the Trust further into the identity of the centre.

5.12 ORT's Core Activities

Cabinet of 9th June 2010 considered and agreed Ocean NDC's Delivery Plan and Succession Strategy, which addressed the long-term Ocean legacy by confirming ORT as the successor body, to be a catalyst and focus for the on-going regeneration of the estate. The Council's Solicitor affirmed that ORT's activities were supportive of the Community Plan goals and the local area agreement, and consistent with delivery of the Council's functions and good administration. The decision confirmed that ORT was set up as a community interest company and should hold and operate assets on behalf of the local community.

- 5.13 The approved Succession Plan set out that ORT would get the ground rents from the new homes; could take a lease of the new community facilities and manage the community space; and have a right to sub-let and receive income from these and from the retail / commercial units on both the south and north side of Ben Jonson Road. This provision meant ORT was well placed to manage the community aspects of the Harford Street premises, and to maintain a strategic view of community needs and existing resources.
- 5.14 Since November 2011 ORT has established strong links in the community. The Trust has an annual community grant fund of c. £50k to which organisations can apply for up to £5,000 for single projects or £10,000 for projects delivered in partnership with other organisations in the area. Examples of local organisations who have received grants are Tower Hamlets Hockey Club, Lower Regents Coalition and projects to benefit older and younger people. The projects come under themes including:

- Improving peoples' life skills, education, employability and enterprise (3 projects and 65 beneficiaries in 2018/19)
- Engaging young people in positive activities (5 projects, 435 beneficiaries in 2018/19)
- Community wellbeing and inclusion (4 projects, 300 beneficiaries in 2018/19)
- Connecting older people (4 projects, 60 beneficiaries in 2018/19)

5.15 ORT / City Gateway partnership is its fourth year of operation and has proved very successful with classes often oversubscribed. They continue to deliver:

- Services primarily aimed at the most disadvantaged women and families in Ocean Estate and the surrounding area;
- Engage, mentor and train the most excluded individuals;
- Bring together different groups and cultures, and work against conflict and division;
- ESOL, literacy, numeracy, and apprenticeship sessions every week

5.16 In addition the Trust works with and supports projects including:

- Tower Project who run the Ocean View café on the ground floor of the Centre.
- Streets of Growth: set up to address ASB on the estates and targets young people up to the age of 25. It is a partnership between the council, housing providers, police and other interested parties; it's facilitated by ORT. They have identified particular 'hotspots' in recent months such as Beaumont Square, Trafalgar Gardens and Grand Union Place and work with the police in helping to identify perpetrators of ASB. They have been successful in getting a number of boys and young men to sign up for their in-house programme addressing life skills development, ASB awareness, career and work skills needed for positive progression.
- Universal Credit and Support - Limehouse Project has been awarded funding for a year to provide support to Ocean residents in order to understand changes with the benefits system with the introduction of the universal credit. The project will address problems that the changes to the benefits' system have caused for recipients.
- Ocean Summer Fair: a collaboration of four local TRAs and facilitated by ORT with event management support from DoLittle CIC, a local social enterprise specialising in community based events. It was held on Saturday 8th September in Shandy Park and had over 500 people attending. The focus was to encourage all members of the community to come together and join in the fun. There were food stalls, information stalls and lots of activities for children.
- Whitehorse Adventure Playground: ORT has funded Play Association Tower Hamlets (PATH) to fill a gap in activities for 8 – 12 year olds as provision for this age group in the area ceased when the adventure playground and the Arbour youth centre closed. PATH applied to ORT to staff play sessions at the Adventure Playground to address the issue. The main activity is outdoor play in all seasons, however indoor activity, such as craft making and table football is also provided.

5.17 **2017/18:** ORT income totalled £190,828 (including £80,000 grant from LBTH and ground rents). Expenditure was £237,683, leaving a deficit of £46,855 to be met from reserves.

5.18 **2018/19:** ORT has projected expenditure of c. £265,000, higher than in previous years because more projects are being delivered. Current projected income includes £114,000 ground rents and Council grant funding of £80,000, as recommended in this report. This Council grant will help ORT to meet its committed project expenditure this year, utilising some of its reserves, and retain a prudent operational reserve to carry into 2019/20.

- 5.19 ORT's costs and core work programme in 2018/19 includes:
- salaries / consultants / running costs £98,400;
 - community grants for 16 projects and 2 networking events £48,000;
 - and ORT directly funded projects £119,000.
- 5.20 **2019 – 2022:** in the next 3 years ORT has taken a conservative view on its core activities, partly to allow for its investment in the Centre if it takes on the management role; and partly in case the Council opts to retain some of the potential grant income from the new shops to meet its own costs if ORT cannot take on a lease of the Centre.
- 5.21 ORT has assumed in its business planning that its stand-alone core (i.e. non-Centre) community activities will comprise project expenditure on the themes indicated above of c. £156,000 on average per annum plus staff, consultancy and running costs of c. £97,000 per annum - equating to a total spend each year of c. £253,000 (excluding any expenditure on running the Centre).
- 5.22 The grant requested in this report can be broken down as follows:
- allocation of £80,000 grant to ORT for 2018/19, funded as agreed in previous years by an interim provision of revenue from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and supplemented by revenue from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd) which is now coming on-stream;
 - allocation of £809,000 grant to ORT for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd: this grant will support ORT's ongoing projects and core activities for this period, and specifically will enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre, which is explained below.
 - a further provisional grant of £61,000 as a contingency should ORT not be eligible for the anticipated 80% community rent discount, as explained in the report.

6. ORT & TOWER HAMLETS STRATEGIC CONTEXT

- 6.1 On 25th August 2011, Department of Communities and Local Government (DCLG) endorsed the Council's approved Succession Strategy for ORT. DCLG was content with the viability of the strategy to sustain the benefits achieved by previous funding and that it was consistent with Tower Hamlets' local objectives. Subsequent grant applications for funding have supported the ongoing work of the ORT as it has continued to deliver on the Succession Strategy to promote the socio-economic regeneration of the Ocean Estate in line with the Council's corporate strategies.

6.2 The Trust through its grant funding delivers on the local and wider borough objectives. The Trust has tailored its objectives to address local neighbourhood need whilst contributing to the Council's wider strategies.

6.3 **Ocean Regeneration Trust Objectives 2018 – 2022**

The Trust's objectives below are tailored to the specific needs of the Ocean estate. They reflect the Council's objectives to improve the lives of all residents in the borough.

- Improving education, particularly English language skills, and training levels for adults and children
- Tackling unemployment
- Improving health and wellbeing and encouraging healthy lifestyles
- Supporting local shops and businesses to ensure economic regeneration of the neighbourhood is not side lined
- Monitoring the impact of benefit and welfare changes and helping to leverage additional resources to address poverty on the estate.

6.4 **Tower Hamlets Strategic Plan 2018 – 21.**

Listed below are two of three Council priorities that ORT will support through funding projects described already in this report:

- Priority 1: People are aspirational, independent and have equal access to opportunities
- Priority 2: A borough that our residents are proud of and love to live in

6.5 **Tower Hamlets Community Engagement Framework 2018 – 2021**

The Council has developed the vision and the strategy to work with partners and the wider community to deliver on the community engagement strategy. To turn the vision into a reality, four priority outcomes have been developed

- communities lead the way in making Tower Hamlets a great place to live
- communities have the power to influence issues that affect them
- activities to involve communities are focused and purposeful
- Tower Hamlets is digitally active.

6.6 ORT is a key organisation within the Ocean area to deliver on the borough's engagement strategy commitments. In particular:

- **Involve:** ORT has developed a presence in the area and through projects such as the annual **Community Grants fund**. The grants programme awards £50k a year in grants of up to £5k per project or £10k for projects developed and delivered by three or more local organisations working in partnership. The **Stepney Life Centre** specialises in services for women. The Centre is based on the first floor of the Harford St Centre and delivers ESoL, ICT, literacy, numeracy, women's empowerment etc. **Streets of Growth** is a project aimed at young people in danger of engaging in ASB on the streets.
- **Be Open and Connected:** ORT has a local Council member on its board along with attendance from Council officers. The board has two local resident members and one co-opted member from the area. The Trust connects to most local organisations, schools and projects in the area and has recently delivered a community fun day with four local TRA's.

- Enable: as described above ORT's project investment in the area enables community involvement within the Ocean area including particular enabling the Whitehorse Adventure Playground to continue to operate be open for some months to come.

6.7 The grant funding requested will support ORT as a local organisation which aims to deliver a range of services to the residents of the Ocean Estate supporting socio-economic and health and well-being improvements in the area. The objectives of ORT also align with and support delivery of a range of national, regional and local priorities. Some of these include:

- The Government's Social Housing Green Paper 'A New Deal for Social Housing' which proposed to tackle stigma and celebrate thriving communities.
- The Mayor of London's Economic Development Strategy 2018 in which he sets out his plans to create a fairer, more inclusive economy that works for all Londoners and businesses, supporting delivery of its goal to opening up opportunities to ensure everyone... benefit [s] from all our city offers, further supported by the MoL's good growth fund.
- The Tower Hamlets Strategy Framework which aims to 'tackle inequality by building a strong, inclusive and fair borough 'by 'supporting better health and wellbeing, building 'strong resilient and safe communities, facilitating 'good jobs and employment and providing 'a better deal for children and young people'.
- Supporting delivery of Tower Hamlets Council's strategic priorities and supporting outcomes (Tower Hamlets Strategic Plan 2018 – 21) which includes:
 - Priority 1: People are aspirational, independent and have equal access to opportunities
 - Priority 2: A borough that our residents are proud of and love to live in
- The Tower Hamlets Community and Voluntary Sector Strategy 2016-2019 supporting its vision to develop 'An independent and sustainable voluntary and community sector, taking a place based, collaborative approach to working with the council and partners to meet the needs of local people supporting its aim of to 'create resilient communities that are self-supporting. This will reduce demand on public services and improve the quality of life for local residents'.
- The Tower Hamlets Community Engagement Framework 2018-21 which commits to being open and connected...by working with the voluntary and community sector to make sure there is appropriate support for building people's skills and developing communities.
- The Tower Hamlets Health and Well Being Strategy 2017 – 2020 and its priorities which include Communities Driving Change, Creating a Healthier Place, Employment and Health, Children's Weight and Nutrition and Developing an Integrated System.

7. HARFORD COMMUNITY CENTRE

- 7.1 Reports to Overview & Scrutiny Committee (3rd April 2007) and to Cabinet (4th April, 2007) explained how local community facilities and services would be affected by the proposed transformational building programme on the Ocean Estate, and set out the re-provision of a new Centre in the Harford Street building. The role of a new Ocean Regeneration Trust was described which, it was envisaged, would own and manage the new community facilities. It was essential to provide this new base for community users and services being displaced by redevelopment.
- 7.2 The Cabinet decision of 1st July 2009 authorised the Corporate Director Development and Renewal to negotiate a long lease of part of the Harford St facility for community purposes, and to approve capital expenditure for 'fit out' of the new Centre, including space for the Ocean Regeneration Trust. The Council has a 26-year lease (since 2010) from L&Q (originally East Thames) for the community space within the Harford Street Multicentre: the building also houses a GP surgery and offices let by L&Q to THH.
- 7.3 The internal floor area of the council's community space is approximately 780 sqm on 2 floors. The 1st floor space is sub-let to ORT.
- 7.4 The Centre is one of the main purpose-built community amenities in the Ocean and Limehouse Fields area, replacing previous local facilities that were redeveloped as part of the council's regeneration strategy for the area.
- 7.5 The Centre is a flexible, multi-use premises suitable for a range of different activities and accessible for people with disabilities.

The facilities include:

Ground floor:

- Large main hall with a stage and capacity for c.75 seated or 150 standing.
- A main hall which can be divided into three separate halls each with capacity for 25 seated or 50 standing
- Kitchen space (only partially fitted-out).
- Café kiosk and seating area.

First floor (sub-let by ORT):

- Large training room with capacity for 60 seated and 120 standing
- The training room can be divided into two separate rooms with capacity for 30 seated and 60 standing.
- Three small one-to-one meeting rooms.
- Community office with capacity for 10 desk spaces.
- Crèche space.

- 7.6 The Centre is situated in the heart of the local community. It has an important role to play in involving residents in community activity, tackling social exclusion, promoting civic engagement and strengthening neighbourhood bonds.
- 7.7 Currently the Council manages the Centre but at the time the lease was granted there was no other alternative. The present interim management arrangements housed part-time within the Housing Regeneration Team are not sustainable. The

Council has long hoped that ORT could be enabled to manage the Centre, as a dedicated local community organisation. ORT has been in situ on the first floor for several years and engages closely with the Council in the use and operations of the premises.

7.8 Proposal for ORT to Lease and Manage the Community Centre

7.9 Overview & Scrutiny Committee (3rd April 2007) advised Cabinet that “ORT must be established and operate so that it can use ongoing income to provide a sustainable and long term future for the community organisations and facilities that serve local people.”

7.10 Cabinet 2nd December 2009 agreed to the disposal of the HRA shops portfolio (south side of Ben Johnson Road) to the Ocean Regeneration Trust, subject to DCLG (NDC) grant funding being available. Ultimately this grant was not made available and the existing shops remained in Council ownership. The Ocean Succession Strategy adopted at Cabinet on 9th June 2010 established that rents from the new (and existing) Ben Jonson Road shops should be available to ORT, though subsequently the south-side revenue stream has been treated as gap-funding pending the income from the new north-side

7.11 Strategic Development Committee 13th February 2010 when approving the Ocean Regeneration scheme was advised of the Council’s intention that newly built community facilities will be leased by the Ocean Regeneration Trust, which will put in place appropriate management arrangements and be in a position through rental income from assets, to provide revenue support to ensure sustainability of services. It was envisaged that the Centre would be a base for services relating to health, older people and women, together with general information, advice and guidance.

7.11.1 Hitherto ORT, whilst supportive of the Centre, has been deterred from managing it by:

- uncertainty over long-term funding for ORT’s core community activities;
- lack of clarity around costs and income for running the building; and
- risk of disrepair and inconsistent service charging due to poor performance by the previous superior landlord (now L&Q).

7.11.2 ORT has however confirmed that it has ambition for Harford Street Centre to be a flourishing community facility providing a wide variety of social, recreational and educational activities to meet the diverse range of needs within the local population and to be “a high quality, thriving community centre, used extensively and creatively by local residents.”

7.11.3 ORT wants to take on the lease and assume responsibility for the management and operation of the Harford Street Multicentre community centre, recognising the community space is a valuable local resource that can and should bring local people together to build a stronger neighbourhood by:

- promoting the well-being of local residents;
- providing culturally sensitive and appropriate provision that meets the needs and priorities of all local residents;
- fostering social inclusion;
- encouraging participation in the life of the neighbourhood and building a stronger sense of local identity;

- promoting the provision of accessible social, recreational, educational, health and cultural facilities within the neighbourhood;
- creating opportunities for local employment, volunteering and business creation.

7.11.4 ORT understands that if it were to take on the Centre some form of subsidy would be required, at least in the early years of operation, whilst activities and services are being developed to their full potential.

7.11.5 Council officers have reviewed the running costs for the building and refreshed the Council's relationship with its landlord L&Q - who have recently taken over all of East Thames' operations - to get more certainty on charging and performance. L&Q has agreed to undertake better billing procedures incorporating a regular billing process and more transparency of service charges and other costs, including capping their management fees to the Council as their tenant. Further L&Q has joined ORT's Board in working together to achieve these shared aims.

7.11.6 Council Officers have also looked at ORT's core project activities and commitments, and the minimum funding ORT needs to deliver its community projects moving forward, irrespective of whether or not it manages Harford Centre.

7.11.7 With ORT's funding coming on-stream, as set out above, and a better shared understanding and transparency about the costs for running the Centre, officers have proposed to ORT that it takes on a three year lease of the whole Community Centre.

7.11.8 ORT's Board has agreed to enter into a three year lease with the Council, on the basis that any potential financial risks to the Council are mitigated in the lease, and by underwriting anticipated running costs for the Centre (including the deficit) through provision of sufficient grant.

7.12 Running Costs for the Centre

7.12.1 Whoever runs Harford Community Centre, Council funding will continue to be needed from the shops on the south side of Ben Jonson Rd. The Centre currently runs at a deficit: this has always been covered by income from the existing Ben Jonson Rd (south) shops. If the Council aspires for ORT to take on the Centre an ongoing subsidy will be needed from this funding source, in the form of grant. However business modelling indicates this will reduce year on year as ORT's other ground rents and grant funding arrives.

7.12.2 **Table 1** below shows the indicative costs of ORT managing the Community Centre under a combined budget, including ORT's core activities and funding. The sums shown have been worked through with ORT and include a reasonable contingency for non-anticipated costs and other costs in relation to the building and services which may arise. This contingency mirrors that in the projected costs for the Council to continue running the building.

TABLE 1

COSTS OF ORT MANAGING CENTRE ON 3 YEAR LEASE - SINGLE BUSINESS PLAN COMBINING ORT CORE WORK / RUNNING CENTRE				
	YEAR 1 2019/20	YEAR 2 2020/21	YEAR 3 2021/22	TOTAL
ORT EXPENDITURE RUNNING CENTRE				
Centre Management (Staff) Costs	£ 59,000.00	£ 59,000.00	£ 59,000.00	£ 177,000.00
Building Running Costs (incl 80% rent discount)	£ 153,000.00	£ 138,000.00	£ 139,000.00	£ 430,000.00
Sub-Total - Running Costs	£ 212,000.00	£ 197,000.00	£ 198,000.00	£ 607,000.00
ORT EXPENDITURE - CORE ACTIVITIES (Not Centre)				
ORT General Staff & Running Costs	£ 94,000.00	£ 97,000.00	£ 100,000.00	£ 291,000.00
ORT Core Activities & Community Grants	£ 156,000.00	£ 156,000.00	£ 156,000.00	£ 468,000.00
EXPENDITURE BY ORT - CENTRE / CORE ACTIVITIES	£ 462,000.00	£ 450,000.00	£ 454,000.00	£ 1,366,000.00
PROJECTED INCOME TO ORT				
Council Grant to ORT - rental from new shops (Ben Jonson Rd North)	£ 148,000.00	£ 190,000.00	£ 190,000.00	£ 528,000.00
Room & Facilities Hire (including café)	£ 47,000.00	£ 53,000.00	£ 58,000.00	£ 158,000.00
Ground rents to ORT via LBTH (from L&Q and Bellway)	£ 118,000.00	£ 133,000.00	£ 148,000.00	£ 399,000.00
INCOME TO ORT	£ 313,000.00	£ 376,000.00	£ 396,000.00	£ 1,085,000.00
Deficit to be met by Council Grant - rental from existing shops (Ben Jonson Rd South)	-£ 149,000.00	-£ 74,000.00	-£ 58,000.00	-£ 281,000.00
Additional grant provision required if ORT does not receive 80% community rent discount	£ 6,792.00	£ 20,412.00	£ 33,960.00	£ 61,164.00

7.12.3 Staffing and building management costs £607,000 for the 3 years. This compares with a projected Council management cost of £535,000 for the same period (not shown here). This variation is attributable partly to the provision of a full-time manager by ORT, and investment to create a commercially functioning kitchen in Year 1, and better marketing and resourcing, all of which should help to boost take-up and income to the Centre.

7.12.4 Table 1 also shows the separate costs of non-Centre ORT core activities such as co-ordination, fund-raising and community grant programmes. If it did not take on the lease ORT would need to meet these costs from its anticipated future grant of new Council shop rents revenue plus its ground rents income.

7.12.5 The combined cost to ORT of managing the council's Centre alongside delivering its own community development programme is c. £1.37M.

7.12.6 The projected income shows an anticipated grant of £528,000 in the next 3 years from new shops revenue (Ben Jonson Rd north) and income of £399,000 from ground rents. In total projected income, including a conservative view of income from a better managed facility is £1.085M.

- 7.12.7 There is a deficit in total of £281,000 for this period. However there is a particular spike in Year 1, when ORT spends more on the Centre and has less grant funding from both the shops and ground rents. By 2021/22, the projected deficit to be funded by the Council has dropped to less than £60,000 and could fall further if ORT is able to generate more income from the Centre.
- 7.12.8 In future years, if a follow-on lease to ORT is contemplated, the council's contribution from existing shop revenue is likely to remain lower than the net deficit that the Council will need to sustain if it retains the existing in-house management arrangements.
- 7.12.9 **Table 2** below compares projected average annual expenditure and income for running the Centre by either the Council or ORT. Over the 3 year period the projected annual deficit for each scenario is similar, but as shown in Table 1, in the ORT scenario it is decreasing year on year as ORT receives more of its planned income.
- 7.12.10 The costs to the Council of continuing to fund the deficit on the Centre through grant should not be significantly higher than they are now, across the 3 year lease period.
- 7.12.11 In the longer term, funding ORT to run the Centre on this basis looks increasingly financially viable, if the Council will grant fund ORT all the revenue from the new shop units, as previously envisaged and proposed in this report.
- 7.12.12 It has been assumed in this modelling, that ORT will be eligible to receive an 80% community rent discount on the premises. if however ORT is ineligible, Asset Management will apply a stepped rent under the lease, which would be lower than the market rent, but would require a further grant / subsidy to ORT of c. £61,000 as shown in Table 1 and flagged in recommendation 1.2.3.
- 7.12.13 Alternatively if existing arrangements continue and the Council retains management of the Centre, the Council will need to utilise c. £288,000 from its shop rental income (c. £96,000 per year) to keep the Centre running during 2019-2022, and may need to consider holding back some of shop rental income previously envisaged for ORT. Doing that could reduce ORT's scope to develop further community programmes beyond its existing commitments and risks leaving the Centre in stasis in terms of its funding and long-term development.

TABLE 2

Comparison of average annual expenditure & income for managing Harford Multicentre 2019-2022		
	Existing management by Council	Proposed management by ORT
AVERAGE ANNUAL EXPENDITURE		
Centre Management (Staff) Costs	£ 53,000	£ 59,000
Building Running Costs (incl contingencies)	£ 125,000	£ 143,000
ORT - Core Activities (non-centre)		
ORT General Staff & Running Costs		£ 97,000
ORT Community Projects Programme		£ 156,000
AVERAGE COMBINED EXPENDITURE (per year)		
	£ 178,000	£ 455,000
AVERAGE ANNUAL INCOME		
Room & Facilities Hire	£ 40,000	£ 53,000
Rent & charges to ORT (1st Floor)	£ 42,000	
LBTH Grant to ORT - rental from new shops (Ben Jonson Rd North)		£ 176,000
Ground rents to ORT via LBTH (from L&Q and Bellway)		£ 133,000
AVERAGE COMBINED INCOME (per year)		
	£ 82,000	£ 362,000
Deficit to met by Council	-£ 96,000	-£ 93,000

7.13 Benefits of Management by ORT

7.13.1 Management of the Centre under a lease by ORT would effectively pool its grant funding for core community activities alongside the budget for running the centre, meaning that a proportion of the future grant monies ORT seeks from the new shop rental income would go towards the costs of managing the Centre, benefitting the Council and the local community and continuing the regeneration legacy.

7.13.2 The existing management arrangements, including part-time staffing and ad hoc out of hours cover, are not sustainable and cannot achieve the full potential of the building. The proposed arrangements mean that once geared up ORT can invest in the Centre through dedicated resourcing (Centre Manager, wider marketing, more weekend and out of hours opening) to maximise commercial take-up alongside community use; physical improvements (e.g. kitchen fit-out / better furnishings and equipment); and by achieving greater synergies with community

projects. It is hoped this will gradually increase take-up and revenues to recycle back into ORT's activities, or into the Centre if required.

7.13.3 The further advantages of funding ORT to manage the Centre are:

- management by an in-situ community-focused organisation that is already well established, with sound governance, partly council-funded and can develop the necessary skills to manage the Centre;
- ORT has a Business Plan (2018) for the Centre that considers its management, necessary initial steps and aims for the Multicentre to be a flourishing community facility delivering a variety of social, recreational and educational activities to meet diverse needs within the local population;
- an opportunity via dedicated management to achieve a better branding and balance of subsidised facilities for local people, alongside commercial provision to enhance income;
- ORT is well placed to benefit from a better relationship with L&Q as new landlord – including regular reviews of services and billing

7.13.4 Officers will assist ORT in the transitional setting-up period, in an application for rent and business rates discount, for which its eligibility is anticipated. Should this not be the case there are provisions in the draft lease for a stepped rent. Asset Management has confirmed that the lease to ORT will have specific provisions for the Council to cover unforeseen risk costs that may arise during the period of the lease. If such works were to arise under another management scenario they would also have to be paid for by the Council in the same way.

7.13.5 Taken together the proposal represents good value for the Council and the community across the 3 year lease period. Nevertheless this is very much a pilot that will need to be mutually monitored by the Council and ORT. A break-clause in the lease can be triggered by the Tenant (ORT) if the arrangement becomes non-viable, due for example to any significant unforeseen costs linked to the Centre.

7.13.6 The community centre has a number of existing users including some organisations (Legacy Users) who came across to the centre when previous premises they operated in were redeveloped. These arrangements are variable and have been subsidised for many years by the Council maintaining low hire rates. Prior to ORT taking the lease the Council in conjunction with ORT would review the current community centre usage as follows:

- Understanding what all of the hiring organisations offers; it's relevance to the Ocean community etc.; activities will need to be reviewed and the status of groups and the take up in the community considered, set against the extent of which they charge directly for their services.
- Develop a clear message for the local community to show a commitment to open the Centre up to a wider audience with a fair pricing system and define groups eligible for discount/subsidy.
- In liaison with Asset Management consider spaces nearby that could be used for relocation if appropriate. It is in the interest of both the Council and ORT to make any relocation as easy as possible limit any disruption to ongoing services for the community.
- Convening meetings to discuss their service provision, current income and aspirations with groups in order to discuss their current

circumstances. This could be anything from relocation to rent increase. This would happen simultaneously to briefing to local members.

- The Council in liaison with ORT and individual user groups can then formulate the strategy to propose change where appropriate will write to groups after the meeting with notes of the discussion. However, if the message remains clear and consistent about the opening up of the Centre to other groups this will support officers and ORT's objective. A clear message throughout will be about the importance about opening up the centre to make it sustainable and to achieve linkages where possible with services that ORT can help support.

7.14 Future Governance / Monitoring as follows:

As explained, the Council has provision for 2 Councillors to sit on the ORT Board, for a formal overview. Officers also attend bi-monthly ORT Board meetings. A Service Level Agreement (SLA) will be linked to the lease setting out provisions to support ORT as it makes the transition to managing the Centre, and for ongoing monitoring as follows:

7.14.1 Harford Centre Management:

- quarterly landlord (LBTH) / tenant (ORT) review of:
 - ongoing performance e.g. take-up, initiatives etc
 - budget / spend
 - building issues to be taken to superior landlord L&Q

7.14.2 Core Grant Activity

- ORT's activities set out in the report 5.12 – 5.20 ie for staff and funded projects, to which the grant from shops rental (max £190k) will contribute.
- Provision of annual ORT Business Plan and Associated Activity, in Q4 of preceding year, for review at ORT Board.
- Officer attendance at bi-monthly ORT Board meetings to scrutinise periodic updates on projects / spend.
- Review of annual ORT Trustees Report & Financial statement to Charities Commission

8. EQUALITIES IMPLICATIONS

- 8.1 The funding requests for ORT in the recommendations contribute to the Council's equality of opportunity aim. The proposed services enhance local residents' chances to broaden their role in society and the workplace.
- 8.2 Activities by the ORT will help promote good relations within the community as local people see the ORT for the benefit of residents and groups, particularly those who are more vulnerable in the community.
- 8.3 It is argued that the Community Centre can be better managed and developed as proposed in fulfilment of the post-regeneration legacy for the area.

9. OTHER STATUTORY IMPLICATIONS

9.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

9.2 Best Value Implications

- 9.2.1 The economic value of the ORT can be measured in the work to date e.g. community grants and the relationships they have built up within the Ocean community. ORT can deliver programmes efficiently through its partnership with City Gateway, for example to support women in the community. In addition the ORT actively looks for community partnerships when assessing small grant applications.
- 9.2.2 The Council is committed to the effectiveness of a local organisation such as ORT to deliver the ongoing socio-economic programme for the community with a focus that the Council could not deliver on.
- 9.2.3 Although the sums requested are significant – i.e. because they fund a 3 year period - this approach will essentially utilise and redirect funds from existing shops revenue that the Council would have to spend anyway, if it continues to manage the Harford Centre itself.
- 9.2.4 The decisions requested will direct Council (retail units) revenue to a third party community organisation. On balance this represents relatively good value as it is envisaged that community needs will be better addressed by the new management arrangements. The direct costs to the Council for Harford Centre will be roughly equivalent to the present, but with the potential to reduce the operating deficit in the longer term if ORT makes a success of this initiative.

9.3. Risk Management.

- 9.3.1 The ORT has been involved with community life on the Ocean for a number of years through the small grants programme, involvement with local organisations and through its development of the partnership with City Gateway. If the Council grant was not awarded it could be perceived as the local authority not willing to support the local community and risk reputational damage to the Council.
- 9.3.2 The proposal for grant for an extended 3 year period is intended to mitigate risk so that ORT can take on a lease of the Centre without jeopardising its core programmes and activities. It is argued that this up-front investment and commitment of grant by the Council will ultimately lead to a more efficiently run and responsive Centre. This has to be viewed as a potentially successful pilot. If during the lease the new arrangements become non-viable financially there will be break provisions for both parties, who would then revert to their existing relationship. The Council would then need to consider how best to deliver community centre services in the Ocean locality.

9.4 Crime Reduction.

9.4.1 The ORT has a remit to engage with wider projects and organisations in the community. They actively link with the local Safer Neighbourhood teams and the Anti-Social Behaviour (ASB) team within Tower Hamlets Homes to look at support for their efforts to reduce ASB in the community.

9.5. Safeguarding.

9.5.1 The ORT will support organisations who work with the most vulnerable in the community. It will actively promote engagement with excluded individuals and community development within the area.

10. COMMENTS OF THE CHIEF FINANCE OFFICER

10.1 This report seeks the approval of the Grants Determination Sub-Committee to allocate funding totalling £889,000 to the Ocean Regeneration Trust (ORT) as follows:

	£
2018/19	80,000
2019/20 to 2021/22	809,000 *

* The 2019/20 to 2021/22 payments total £809,000 over the three year period. These average £270,000 per annum but are profiled with a likely higher annual allocation towards the start of the period as ORT requires additional financing support as it builds up its own income generation streams.

10.2 It is proposed that the funding for the grants will be met from rental income generated from shops in Ben Jonson Road as follows:

2018/19	£80,000 - contribution from the rental income from shops on the south side
2019/20	£528,000 - the full rental income from the new shops on the north side
2021/22	£281,000 - contribution from the rental income from shops on the south side

10.3 The ORT was created in May 2008 to own assets and receive income generated from the Ocean Estate regeneration scheme to use for the benefit of the local community. This included the income for the new retail units on the north side of Ben Jonson Road.

10.4 The ORT currently occupies Council premises at Harford Street under the terms of a licence that was approved in April 2015. The Trust pays a market rent for the property to the Council from its own resources which are in part dependent upon this Council grant funding. It is proposed that from 1st April 2019, the ORT will enter a three year lease with the Council to fully manage the Harford Street Centre.

10.5 Under agreements previously entered into as part of the Ocean NDC succession plan, the Trust will receive funding from the Council in the form of the rental income generated from the retail units on the north side of Ben Jonson Road. These units have been developed by Bellway as part of the Ocean Estate regeneration scheme, and Bellway (as freeholder) has granted a long lease for the units to the Council which in turn will lease the units itself to retailers. Delays in letting the units, together with the various rent free periods that will apply, mean that income is not likely to be generated until 2019-20. It is therefore proposed that the existing grant arrangements (£80,000) are extended for another year (2018-19), funded by a contribution from the income received from the existing retail units on the south side of Ben Jonson Road. These receipts (currently approximately £170,000 per annum) remain earmarked to finance costs associated with the Harford Centre as necessary.

- 10.6 On establishment of the lease, the management costs that the Council currently incurs in managing the Centre will become the responsibility of ORT. The costs will be mainly funded from the grant contribution that is the subject of this report, but will also be supported by the income that ORT will generate from hiring rooms in the Centre (estimated at £158,000 over three years) as well as the ground rents that it receives from the Council's partners in the Ocean Estate regeneration scheme - London and Quadrant Housing Association (formerly East Thames) and Bellway Homes. The ground rents are estimated at £399,000 over the three year period. As well as the costs of managing the Centre, the income received by the ORT finances its core activities, including its community projects programme. Projections of future expenditure and income are included in tables 1 and 2.
- 10.7 As part of the lease arrangements, ORT is likely to apply for a community rent discount for the Centre. This is subject to a separate Council process, and although it is considered likely that this will be authorised, this report seeks approval for a contingency of £61,000 to be included within the grant approvals in case this bid is unsuccessful. If required, this will also be met from the earmarked rental income from the south side shops.
- 10.8 In summary, for the three years from 2019-20 to 2021-22, the report is essentially seeking approval to transfer to ORT the full income generated by the new shops on the north side of Ben Jonson Road (estimated at £528,000 over the period) and £281,000 of the total rental income of £510,000 that will be received for the existing south side units. If it becomes necessary to provide additional funding due to an unsuccessful application for a community rent discount, this will also be funded from the residual south side income. Application of the additional ring-fenced south side rental income may also become necessary if a shortfall in total rental income arises from unlet shop units or unpaid rents.
- 10.9 In accordance with Council policies, the onward transfer of the rental receipts to ORT should be treated as a grant payment and as such requires approval as part of the agreed grant awarding processes. In awarding this grant funding, the Council needs to be satisfied that the terms of any grant funding are both permissible within the Council's statutory powers and are state aid compliant.

11. LEGAL COMMENTS

- 11.1 The Council has the legal power to make the grants detailed in this report.
- 11.2 In the event that ORT are successful in their application for a community rent discount in accordance with the Council's policy the discount will also have the effect of being a grant.
- 11.3 Money received by ORT relating to the letting of the commercial properties also is a grant. This is because the Council is legally entitled to receive the rent and the Council is then giving the money to ORT.
- 11.4 The Ocean Regeneration Trust was specifically set up by the Council for the delivery of community benefits as part of the wider development agreement. The funding referred to in this report was identified as part of the New Deal For Communities report and therefore the ORT does not need to reapply for the grant funding. However, the Council will apply the same monitoring rigour in respect of the Grant Agreement and ensure the delivery of Best Value.

- 11.5 The grant funding referred to in this report will not constitute European State Aid. ORT is a highly geographically specific organisation and the beneficiaries of ORT's work must come from the immediate area. Therefore, the grants will not distort competition or affect trade between different member states. This is consistent with previous case law considered by the European Commission.
- 11.6 The Council has a legal duty to ensure that the grant money achieves Best Value. It will do this by entering into a grant agreement and ensuring under the terms of the grant that the money is used for the purposes and in the manner for which it is intended.
- 11.7 Under section 123 of the Local Government Act 1972 the Council may dispose of its land in any manner that it may wish. However, except in the case of a short tenancy, the consideration for such disposal must be the best that can be reasonably be obtained. Otherwise, the Council requires the consent of the Secretary of State for such a disposal. There is a General Disposals Consent 2003 that permits a disposal at an undervalue in certain circumstances
- 11.9 The report attaches the proposed Heads of Terms setting out the fact that the proposed lease to ORT is for a term of three years i.e. less than seven years and therefore will be exempt from the best consideration requirement.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- **Appendix 1 – Heads of Terms of Lease for the Harford Street Community Centre**

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

N/A

APPENDIX 1

SUBJECT TO CONTRACT

HEADS OF TERMS

HARFORD COMMUNITY CENTRE, HARFORD STREET, LONDON, E1 4FG

18TH September 2018

LANDLORD:	London Borough of Tower Hamlets "The Council".
TENANT:	Ocean Regeneration Trust
PREMISES:	Part of the ground and first floor of a part 5, part 6 storey purpose built mixed use building. The demise is known as part of the Community Centre Harford Street, London, E1 4FG (See attached lease plan)
LEASE:	The Tenant to be granted a lease for a term of 3 years.
BREAK CLAUSE:	There will be a Tenant only break clause at any time during the term upon 6 months' prior written notice
RENT:	£56,600 per annum plus VAT.
SERVICE CHARGE:	The Tenant will be responsible for reimbursing the Council the full cost of the service charge payable to the superior landlord London and Quadrant. Payment should be made to the Landlord within 30 days of being demanded. There is an agreed protocol between Tower Hamlets and London and Quadrant .
Utility costs;	The Tenant will be responsible for all electricity, gas and water. The bills will be forwarded by the superior landlord on a quarterly basis and it will be for the Tenant to reimburse the Council the cost of these. Payment should be made to the Landlord within 30 days of being demanded.
REPAIR:	The Tenant shall keep the Premises in good and substantial repair and condition and clean and tidy and shall ensure that any service Media within and exclusively serving the Premises is kept in good working order.
FIXTURES AND FITTINGS:	The Tenant shall keep any fixtures and fittings in good and substantial repair and condition and shall replace the Landlord's or the Superior Landlord's fixtures and fittings as and when necessary with

new ones which are of a similar description of no lesser quality.

DECORATION:	The Tenant shall decorate the inside of the Premises as often as is reasonably necessary and also in the last three months before the end of the term but the Tenant need not carry out any such redecoration more than once in any twelve month period.
CAPITAL WORKS:	The Council will be responsible for any capital works that are required during the lease term not covered by the Superior Landlord's service charge. These works will include replacement lifts, entrance doors, M&E works and upgrading works to the Premises.
INSURANCE:	The Superior Landlord will insure and recover the premium from the Tenant through the Service Charge.
PERMITTED HOURS:	7.00 am to 11.00pm on all days except days which are bank holidays or public holidays in England.
OUTGOINGS:	The Tenant will be responsible for Service Charge, Business Rates and all other outgoings arising directly as a result of their occupation including Health and Safety compliance of the building.
ALIENATION:	Non assignable in accordance with draft lease.
USE:	Community purposes and purposes ancillary thereto within use Class D1 of the Town and Country Planning (Use Classes) Order 1987 in the form in which it is enacted as the date of the grant of the superior lease.
EXCLUSION OF 1954 ACT:	The lease will exclude the provisions of S24 – 28 of the Landlord and Tenant Act 1954. (Security of Tenure)
LANDLORDS SOLICITOR:	Legal services, Tower Hamlets Town Hall Mulberry Place, 5 Clove Crescent London E14 1BY.
TENANT'S SOLICITOR:	TBC
LEGAL COSTS:	Each party to pay their own costs.