

# MAYOR'S EXECUTIVE DECISION MAKING

---

Thursday, 12 September 2013

---

Mayor's Decision Log No. 40

---

1. **INVESTMENT INTO THE CREATION OF COMMUNITY FACILITIES  
(Pages 1 - 12)**

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: John S. Williams, Service Head, Democratic Services

Tel: 0207 364 4204, e-mail: [johns.williams@towerhamlets.gov.uk](mailto:johns.williams@towerhamlets.gov.uk)

This page is intentionally left blank

**LONDON BOROUGH OF TOWER HAMLETS**  
**MAYORAL DECISION PROFORMA**

**Mayoral Decision Log No: 40**

**Title:** *Investment Into the Creation of Community Facilities*

**Is this a Key Decision: No**

**UNRESTRICTED**

## **EXECUTIVE SUMMARY**

The Council, always mindful of the needs of the residents endeavours to assist community groups by enabling the use and provision of community facilities.

The proposal is for the Council to enable the delivery of community facilities, two community centres in Poplar and Mile End and seeks a Mayoral executive decision to proceed as described below.

## **DECISION**

1. Approve the adoption of a capital estimate of £550,000 for the development of this infrastructure.
2. Agree that £400,000 is transferred from reserves to fund the capital programme.
3. Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree terms for contracts with Axis Europe Plc and consultants for the delivery of the schemes in order to commence planning applications for both facilities.
4. Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree


the terms of the lease for the community centre to the SPLASH organisation for the site shown at Appendix A.

5. Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree the terms of the 15 year lease for the Turners Road Community Facility from Gateway Housing and the under lease for 15 years less one day to the Turners Road Community organisation.
6. Authorise the Head of Legal Services (Environment) to negotiate and enter into all necessary documents to implement the decisions above.

### APPROVALS

**1. Chief Finance Officer**

I have been consulted on the above recommendations and my comments are included in the attached report.

Signed .....  ..... Date ..... 21/9/13 .....

**2. Head of Legal Services**

I have been consulted on the above recommendations and my comments are included in the attached report.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

- (a) has been published in advance on the Council's Forward Plan OR  
(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed .....  ..... Date ..... 06/09/2013 .....

**3. Mayor**

I agree the decision below for the reasons set out below:

 11/09/13

<b>Committee/Meeting:</b> Executive Mayor	<b>Date:</b>	<b>Classification:</b> Unrestricted	<b>Report No:</b>
<b>Report of:</b> Development & Renewal		<b>Title:</b> Investment Into the creation of Community Facilities	
<b>Originating officer(s)</b> Ann Sutcliffe, Service Head Corporate Property and Capital Delivery		<b>Wards Affected:</b>	

<b>Lead Member</b>	Cllr Alibor Choudhury
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Strategic Priority</b>	Provide Effective Local Service and Facilities

## 1. SUMMARY

- 1.1 The Council, always mindful of the needs of the residents endeavours to assist community groups by enabling the use and provision of community facilities.
- 1.2 This paper sets out the proposals for the Council to enable the on-going delivery of community facilities comprising the construction of two new community centres in Poplar and Mile End and seeks a Mayoral executive decision to proceed as described below.

## 2. DECISIONS REQUIRED

The Mayor is recommended to –

- 2.1 Approve the adoption of a capital estimate of £550,000 for the development of this infrastructure.
- 2.2 Agree that £400,000 is transferred from reserves to fund the capital programme.
- 2.3 Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree terms for contracts with Axis Europe Plc and consultants for the delivery of the schemes in order to commence planning applications for both facilities.
- 2.4 Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree the terms of the lease for the community centre to the SPLASH organisation for the site shown at Appendix A.
- 2.5 Authorise the Corporate Director of Development & Renewal after consultation with the Head of Legal Services (Environment) to agree the terms of the 15

year lease for the Turners Road Community Facility from Gateway Housing and the under lease for 15 years less one day to the Turners Road Community organisation.

- 2.6 Authorise the Head of Legal Services (Environment) to negotiate and enter into all necessary documents to implement the decisions above.

### **3. REASONS FOR THE DECISIONS**

- 3.1 To provide much needed community facilities in the Borough for the use of the wider local community on each estate and to ensure the on-going provision.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The refurbishment and retention of the existing facilities was considered but rejected both due to the relative cost and in the case of Turners Road the need to remove the buildings to comply with planning.

### **5. BACKGROUND**

#### **SPLASH Community Centre:**

- 5.1 Splash have provided Community support and facilities on the estate for a number of years, in what is considered to be old and now redundant porta-cabins. This provision is a key benefit to the local community and particularly women's groups who can use the facility for meetings exercise classes, crèches and classes.
- 5.2 Officers working together with the SPLASH organisation have identified an alternative site for the community facility. The new site is on the estate and is at the junction of Limehouse Causeway and Trinidad Street. A location plan showing the new site is attached at Appendix A and makes use of land currently underutilized with a limited number of short licence parking spaces.
- 5.3 Officers had initially hoped to re-use and renovate the existing buildings but this proved too expensive given their condition. It is therefore proposed that a new facility is provided using new pre-fabricated building units.
- 5.4 This solution has been designed and costed in conjunction with Macegreen Consulting Ltd ("Macegreen") and Axis Europe Plc ("Axis") who are contractors on the Council's framework contact for decent homes. This work value falls well within this scope and the provision of community facilities of the decent homes contract, which is a key element of the procurement of the framework. The work has been costed on an open book basis and the cost has been validated on behalf of the Council by Macegreen.
- 5.5 The scheme is now in planning and will if consented be able to be realized by December 2013 in line with the original proposed timetable, despite a number of program setbacks.

- 5.6 It is intended that the new facility will be leased to SPLASH by the Council for a term of less than 7 years at an annual rent yet to be agreed and the lease managed by Tower Hamlets Homes Ltd (the Council's Arm's Length Management Organisation) under their management agreement with the Council.

### **Turners Road Community Facility**

- 5.7 Turners Road has been operating as a community facility for some time, albeit in a poor quality and temporary building. The Council was required by the Ombudsman to instruct the demolition and removal of this facility that had a time expired planning consent and had been subject to a number of complaints locally. This valued community space is a key resource to the local residents and provides much needed facilities for the broader community.
- 5.8 Gateway Housing, on whose land the centre was sited have worked very hard with the community to provide a new facility and to this end have been in discussion with consultants and planning officers for some time.

It was felt by planners that, given the local sensitivities surrounding a temporary building that a further temporary structure and consent would simply defer the same problem for a two year period and in so doing waste valuable resources. The Council has therefore chosen to assist Gateway in providing this much needed local facility.

- 5.9 To this end the scheme that has been designed by consultants Murray Birrell Ltd on behalf of Gateway has been costed by the Councils decent homes framework contractor - Axis and cost checked by both Gateway's independent consultants and Macegreen. This scheme has also been through extensive pre application consultation with planning officers
- 5.10 This facility will be offered on a 15 year lease to the Council in consideration of the £170,000 premium. There will then be a lease back arrangement to the Community organisation so the arrangement is cost neutral so far as running costs are concerned.

### **Budget Allocation and Funding**

- 5.11 Axis is the cheapest of the framework contractors recently procured by the Council and have been selected on this basis to cost and deliver the centres. Their costs have also been validated by two independent consultancy practices. By placing both projects with the same contractor and also being delivered by one consultant, cost savings can be identified in prelims overheads and profit and time.

5.12 The proposed budget for the two centres is £550k and is made up as follows:

Name of Facility	Budget	Third Party Contribution	Balance to be funded from general reserve
Splash Community Facility	230k	0	230k
Turner Road Community Facility	320k	150k	170k
<b>Total</b>	<b>550k</b>	<b>150k</b>	<b>400k</b>

5.13 The review undertaken of the costs for the Community Centres show that they are value for money. There is a cost risk that works on site may require additional foundations or site clearance once surveys are undertaken and so a capital budget should be set aside for £400k to include the delivery, consultants fees and contingency.

5.14 The funding for the schemes is to be met from the General Reserve to the cost of 400k.

5.15 The Mayor is asked, using his executive powers to instruct the delivery of the two Community facilities using Axis, the cheapest Decent Homes Framework Contractor and Macegreen Consulting Ltd with a combined Council spend of up to £400k.

5.16 Officers have assessed the value of the lease at considerably less than £2,000,000. A Red book valuation will be obtained to confirm that the value of the disposal is less than £2,000,000 prior to entering the lease.

## **6.0 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

6.1 This report proposes to develop two community facilities within the Poplar and Mile End area, both of which will be funded through existing reserves held by the Council.

### **The Splash Community Centre**

6.2 The first development is for a new pre-fabricated building on land owned by the Council under housing powers and therefore any future revenue expenditure or income arising from this will need to be charged or credited to the Housing Revenue Account.



- 6.3 The current site which will be used for the new development is currently used for parking, however there is no income received for this.
- 6.4 This development requires a capital investment of £230k and therefore the Mayor is asked to:
1. Approve the adoption of a capital estimate for 2013/2014 for the development of this infrastructure
  2. Agree for £230k to be transferred from reserves to fund the capital programme
- 6.5 Once complete it is intended that the property will be leased by the Council to SPLASH and managed by Tower Hamlets Homes, under their current management agreement,. The income receivable for this is yet to be agreed. However it will need to at least meet the costs of running the new property.

### **Turners Road Community Facility**

- 6.6 The second development is to work in partnership with Gateway Housing to develop a new community facility on land owned by the housing association. The total cost of the scheme is £320k of which 47% (£150k) will be funded by Gateway Housing and the balance (£170k) by the Council.
- 6.7 The programme is intended to be project managed and commissioned by the Council on behalf of Gateway and this is the most efficient means for tax relief. This will be treated as revenue expenditure, as the resulting property will not be owned by the Council.
- 6.8 On completion of the development, the property will be leased to the Council from Gateway Housing for an initial 15 years and the Council will then use for community purposes by underletting it to the Turners Road Community Organisation with a view to recovering the running costs of the property incurred through rental income.
- 6.9 The Mayor is asked to agree for £170k to be transferred from reserves to fund this scheme.
- 6.10 Included within both projects is a contingency for any unforeseen circumstances, the total of which is £25,000.

### **7.0 LEGAL COMMENTS**

- 7.1 The Tower Hamlets Community Plan sets out the Council's sustainable community strategy for the purposes of section 4 of the Local Government Act 2000. One of the key objectives of the Community Plan is to make Tower Hamlets a great place to live, with quality affordable housing, located in clean and safe neighbourhoods served by well connected and easy to access services and community facilities.

- 7.2 The Council owns the land on which the SPLASH Community Centre is to be sited. The land is held for the purposes of Part II of the Housing Act 1985 and is included in the housing revenue account (HRA). The Council's power to dispose of such land is both defined and limited by section 32 of the Housing Act 1985, which provides that the Council must have the Secretary of State's consent. There are some limited categories of disposal for which the Secretary of State's consent is not required, but the proposed lease does not fall within one of them.
- 7.3 The Department for Communities and Local Government has published the General Housing Consents 2013, in which the Secretary of State gives general consent to local authorities to dispose of land held for the purposes of Part II of the Housing Act 1985 in specified circumstances. Paragraph A4.2.1 of the General Housing Consents 2013 permits disposal of a tenancy for a term not exceeding 7 years provided that: (a) it is not a secure or introductory tenancy; and (b) the disposal is not to a body in which the Council owns an interest (except in limited circumstances which are not relevant in this case). This general consent covers the proposed lease.
- 7.4 There is a further relevant constraint to the general consent under paragraph A4.2.1 of the General Housing Consents 2013. Pursuant to paragraph A4.2.3 of that Consent, the Council is prevented from granting a further tenancy on the expiry of the first tenancy for one year after the expiry of the first tenancy. This restriction must be taken into account when agreeing the terms of the lease.
- 7.5 In taking the Lease at Turners Road, the Council must comply with its Best Value Duty under Section 3 of the Local Government Act 1999 to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. As the transaction will be made on a cost neutral basis, the Mayor may take the view that this requirement will be met.
- 7.6 The lease to the community organisation is a disposal of land and the Council is required to comply with section 123 of the Local Government Act 1972. Section 123(1) permits the Council to dispose of land in any manner it thinks fit, provided it complies with the other provisions of section 123. Section 123(2) relevantly requires the Council to have either the Secretary of State's consent for the disposal, or to dispose of the land for the best consideration reasonably obtainable. . .
- 7.7 By virtue of The Local Government Act 1972: General Disposal Consent (England) 2003 the Secretary of State gives consent to a disposal of land in the following circumstances:
- a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
    - i) the promotion or improvement of economic well-being;

- ii) the promotion or improvement of social well-being;
    - iii) the promotion or improvement of environmental well-being; and
  - b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 7.8 As this proposed lease back is to be for community use on the estate it can satisfy the specified circumstances in paragraph 7.7(a) above. There is information set out in the report relevant to this consideration.
- 7.9 The requirement in paragraph 7.7(b) is stated in the report to be met and this is to be verified by formal written valuation of the value of the lease to the community group prior to the Council entering into the lease.
- 7.10 The procurement requirements have been satisfied in the procurement of the decent homes contracts and this work represents a drawing down from those contracts.
- 7.11 When considering the proposed schemes, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. Information is contained in section 8 of the report relevant to these considerations.

## **8.0 ONE TOWER HAMLETS CONSIDERATIONS**

- 8.1 This project provides much needed community facilities, helping Tower Hamlets to Be a Great Place to Live. This will be achieved through the provision of a better community space that will allow access for women, elderly people and community based activities.

## **9.0 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 9.1 Where possible the schemes will comply with the Council's requirements on the reduction of carbon emissions, energy consumption along with green and sustainable construction delivery and in both cases greatly improves on the status quo.

## **10.0 RISK MANAGEMENT IMPLICATIONS**

- 10.1 The schemes are of low risk to the Council. In budgetary terms there is a contingency provision for the risks of unknown ground conditions.
- 10.2 By utilizing the Council's framework, contract risks are minimised by keeping the work under the umbrella of a wider and larger delivery vehicle and gaining commercial advantage from this buying power.

## **11.0 CRIME AND DISORDER REDUCTION IMPLICATIONS**

11.1 The project will provide community wide facilities to help bring the communities together with a better design in terms of orientation to maximise passive supervision of common and external areas of the estate.

## **12.0 EFFICIENCY STATEMENT**

12.1 The structure of the contract framework is based on a series of agreed Key Performance Indicators (KPIs) which cover: Partnering, Quality, Timeliness, Customer Satisfaction and Added Value and local employment. A Continuous Improvement (CI) target has been agreed for each of these KPIs and a commercial agreement for duration of the programme.

Appendix A – SPLASH site

---

### **Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**

<b>Brief description of "background papers"</b>	<b>Name and telephone number of holder and address where open to inspection.</b>
None	N/A

## Appendix A

### SPLASH St Vincents Relocation Proposal



This page is intentionally left blank