

# MAYOR'S EXECUTIVE DECISION MAKING

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Thursday, 11 May 2017

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Mayor's Decision Log No. 154


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1. **10 TURIN STREET, LONDON E2 6NJ - PROPOSED TEMPORARY USE OF BUILDING (Pages 1 - 16)**

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: Matthew Mannion, Committee Manager, Democratic Services

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|  |   |
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| <b>Individual Mayoral Decision</b><br><br>27 April 2016                    | <br><b>TOWER HAMLETS</b> |
| <b>Report of:</b> Corporate Director, Place                                | <b>Classification:</b><br>Unrestricted  |
| <b>10 Turin Street, London E2 6NJ – proposed temporary use of building</b> |   |

|                               |                                       |
|-------------------------------|---------------------------------------|
| <b>Lead Member</b>            | Cabinet Member for Resources          |
| <b>Originating Officer(s)</b> | Aman Dalvi, Corporate Director, Place |
| <b>Wards affected</b>         | Bethnal Green                         |
| <b>Key Decision?</b>          | No                                    |
| <b>Community Plan Theme</b>   | One Tower Hamlets                     |

## Executive Summary

This report concerns the future use of the council-owned property at 10 Turin Street, London E2 6NJ.

Following vacation of the property by the council's Youth Services, the future use of the building was considered by the council's Asset Management Board, an officer-level body, which determined that the most appropriate use of the building would be the provision of temporary accommodation for homeless households.

During the period of these deliberations, the council – including the Mayor and a number of Councillors – have been approached by a local faith-based community group who are seeking a decant space while they redevelop their existing site.

This report seeks the Mayor's determination on the future use of the site and sets out the recommendation from officers, as well as the option in the short term of letting the property to the group for a one-year period, if the Mayor is minded to do so.

## Recommendations:

The Mayor is recommended to:

1. Endorse the decision of the Asset Management Board, of 9<sup>th</sup> December 2016, to convert 10 Turin Street, London E2 6NJ, into four units of temporary accommodation for homeless households;

The Mayor may also:

2. Agree to allocate the building for temporary use, as decant space, for use as a mosque, to a local faith-based community group (City Bangladeshi Cultural & Community Centre);
3. Agree that recommendation 2 will only be implemented subject to the proposed tenant:
  - a. entering into the council's standard community lease for a maximum period of one year;
  - b. paying an open market rent, as assessed by a qualified surveyor, of £23,750 per annum;
  - c. providing satisfactory evidence, to the satisfaction of the Corporate Director, Place, that they are in funds to complete the works to their existing property and that a contract has been let; and
  - d. securing planning permission for the change of use, with a long stop date of four months from the date of this decision.
4. Authorise the Corporate Director, Place, after consultation with the Corporate Director, Governance, to agree the terms and conditions of, and enter into, the agreements required to implement the recommendations above.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The officer recommendation has been proposed as it will increase the availability of temporary accommodation in the borough. This will allow four households to be housed in-borough and out of bed and breakfast accommodation, which is only meant to be used in emergencies and for no more than six weeks.
- 1.2 It will also generate a revenue saving for the council as the accommodation will be owned by the council, therefore reducing reliance on private-rented stock.
- 1.3 The Mayor may determine that the property should, also be offered to the City Bangladeshi Cultural & Community Centre as decant space, for use as a mosque, for a temporary period of one year. This will enable them to proceed with the redevelopment of their site, for which they have undertaken significant fundraising in the local community.
- 1.4 Any additional reasons for the decisions should be provided on the signature sheet to which this report is appended.

## **2. ALTERNATIVE OPTIONS**

- 2.1 One alternative short term option is set out in the body of the report: the letting of the building for a one-year term to a local faith-based community group, the City Bangladeshi Community & Cultural Centre.
- 2.2 Alternatively, the council could market the site. This is not recommended, as the preference is that the site should be converted to provide temporary accommodation.

## **3. DETAILS OF REPORT**

### **10 Turin Street, London E2 6NJ**

- 3.1 10 Turin Street is a modern two-storey detached building located off and to the north of Bethnal Green Road. It is sited in a predominantly residential area that comprises a mixture of private and social housing in medium- and high-rise developments. The property is served by good transport links with both Bethnal Green Underground Station and Shoreditch High Street Overground Station being within walking distance.

- 3.2 The property itself comprises a modern two-storey detached building with porch area, constructed of cavity walls under a tiled pitched roof. The building is rectangular in shape with UPVC double glazing windows. There are also a small number of parking spaces.
- 3.3 The property currently consists of a large open space on the ground floor, in addition to four offices and a disabled WC. The first floor has an additional office, two WCs and a kitchen. The Net Internal Area of the property is 1,636ft<sup>2</sup>/94m<sup>2</sup>.
- 3.4 The property is in close proximity to Granby Hall, a building in the council's community buildings portfolio. Following the community buildings review, which was the subject of a Cabinet report in November 2016, the council is in the process of reconfiguring this building for use as a community hub.

#### **Recent use**

- 3.5 The Turin Street property was most recently used by the council's Youth Service, as a youth centre. This use ceased in September 2016, following a review of the wider service, and the building has been vacant since then (although it was squatted for a period of time; the council has since recovered possession and secured the property).
- 3.6 Prior to the Youth Service's occupation of the property, it was used by Nafas – a third sector addiction treatment and support service.
- 3.7 These uses were on the basis of a restricted D1 planning consent (only sub-classes (a), (b), and (c)), which permitted the use of the property for medical or health services, day centre and education.

#### **Asset Management Board deliberations**

- 3.8 Following the Youth Service's vacation of the property, its future use was considered at an officer-level board – the Asset Management Board on 9<sup>th</sup> December 2016.
- 3.9 This process confirmed that the property was surplus to the Youth Service's requirements. The Board also agreed a request from the council's housing team to develop the property into temporary accommodation to address the pressing need to rehouse families out of hotel/hostel accommodation.

- 3.10 A planning application has been submitted for the change of use from D1 to short-term temporary accommodation (sui generis) comprising four self-contained units.
- 3.11 The allocation of the property for temporary accommodation was agreed as it would generate a saving to the council by decreasing reliance on properties from private landlords (including bed and breakfast accommodation). It would also mean the council had more confidence in relation to the quality of the accommodation as it would be built and maintained to the council's standards.

### **City Bangladeshi Cultural & Community Centre**

- 3.12 Subsequent to the building becoming vacant, the council have been approached a number of times – with queries to the Mayor and a number of Councillors – about the possibility of a local organisation using the building as temporary decant space while their own premises are redeveloped.
- 3.13 The City Bangladeshi Cultural & Community Centre currently occupy 2a Buckfast Street, London E2 6EY, which they operate as a mosque. The property is a mid-terrace two-storey building and the organisation has secured planning permission (PA/13/02860) for the construction of two additional floor and changes to the façade of the building.
- 3.14 The organisation is keen to implement the permission they have secured but in order to do so they require decant space they can use while the construction works take place. It is on this basis that they have approached the council about the use of 10 Turin Street, which is a short distance from 2a Buckfast Street. The mosque is very well used and the organisation has advised that they are keen to ensure they can continue to operate in the local area in the short term.
- 3.15 Officers have considered their request and are minded to decline it on the basis of the need for temporary accommodation and the limits placed by council procedures on property agreements being entered into in the absence of a marketing exercise, although it is acknowledged that the request is for Temporary rather than permanent use.

### **Council procedures**

- 3.16 If the council were minded to let the property, this would normally happen in line with the council's agreed processes for such matters.
- 3.17 These processes were agreed by the (former) Mayor in Cabinet in April 2015 and also discussed with the DCLG-appointed Commissioners who were in

place at that time. There are additional processes that apply to properties that are being let for community use.

- 3.18 One of the key requirements of the procedures is that the council openly markets the property intended for letting unless there is a compelling reason for not doing so. This would normally only happen in order to secure an additional financial or legal benefit over and above that which an open market lettings process could deliver and does not apply in this situation.

### **Decision-making**

- 3.19 Council officers have gone through a process, via the Asset Management Board, through which they determined that the future use of the property should be for the provision of temporary accommodation. This decision has been made in line with the council's established Scheme of Delegation.
- 3.20 However, the council operates a directly elected Mayoral form of Executive. This means that all executive functions of the Council are vested in the Mayor. Notwithstanding the Scheme of Delegation, the Mayor may exercise those functions himself.
- 3.21 The Mayor has indicated that he is minded to consider the request from the City Bangladeshi Cultural & Community Centre for the temporary use of 10 Turin Street.
- 3.22 In order to record the decision, this report has been produced which asks the Mayor to endorse the decision of the Asset Management Board and additionally consider the temporary letting of 10 Turin Street to the City Bangladeshi Cultural & Community Centre.

### **Letting**

- 3.23 In order to manage the risks associated with such a letting, and safeguard the council's position any letting would have to be on the following basis:
- The property would be offered on an as-is basis;
  - The tenant would have to enter into a formal lease and no occupation would be authorised before the completion of said lease;
  - The rent for the property will be based on the open market rent, as assessed by a qualified surveyor, and will be £23,750 per annum;
  - The lease would be based on the council's standard community lease;
  - The lease would be for no more than a one-year period and would be excluded from the security of tenure provisions in the Landlord and Tenant Act 1954;
  - The tenant would be responsible for all internal repairs and decoration;



- The tenant will be responsible for contents insurance;
- The landlord will insure the building and recover the premium from the tenant;
- The landlord may impose a service charge for any other costs that it may incur as a result of holding the property;
- The tenant will be responsible for securing the necessary planning consent for their proposed use, with a longstop date of four months from the date of this decision to secure said consent; and
- The tenant will provide evidence, to the satisfaction of the Corporate Director, Place, that they have the necessary funds to carry out the works to their existing property and a contract has been let for said works.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This report seeks the endorsement of the Mayor to the Asset Management Board's recommendation that the former housing office at 10 Turin Street is converted into four housing units to be used to provide temporary accommodation for homeless households.
- 4.2 The property is held under Housing Revenue Account powers but as a vacant building no income is currently generated. The Council is incurring significant expenditure in holding the vacant premises – a security guard is based on site 24 hours per day resulting in costs of approximately £2,000 per week to the HRA.
- 4.3 If the building is converted into four housing units, these would be held within the HRA but made available to the Council's Housing Options Service for use as temporary accommodation.
- 4.4 The capital costs of conversion are estimated in the range from £350,000 to £400,000. A capital estimate of £2.25 million to create up to 50 units of temporary accommodation from surplus council properties was adopted by the Mayor in Cabinet on 10<sup>th</sup> January 2017 as part of the report considering 'One for One' Right to Buy Receipts Usage - Purchase of Additional Homes Out of Borough'. As new housing supply, the Council will be able to fund 30% of the conversion costs from retained 'one for one' Right to Buy receipts. The remaining 70% of costs will be financed from existing HRA capital resources.
- 4.5 An initial financial assessment has been undertaken of the proposed conversion project, with the summary analysis shown below. For modelling purposes it has been assumed that the costs not funded through retained 'one-for-one' Right to Buy receipts will be financed through HRA borrowing, with the properties being let in line with the Housing Benefit Subsidy rates that apply to properties rented for temporary accommodation.

**Net Cost of Converting 10 Turin Street into Four Housing Units**

|  | £                      |
|--|------------------------|
| <b><u>Capital Costs:</u></b>                           |                        |
| Assumed Total Capital Conversion Cost:                 | 400,000                |
| <b><u>Capital Financing:</u></b>                       |                        |
| Retained RTB Receipts (30%)                            | 120,000                |
| Borrowing (70%)  | 280,000                |
| <b><u>Annual Revenue Costs:</u></b>                    |                        |
| Maintenance  | 4,000                  |
| Management   | 3,000                  |
| Interest Charges                                       | 7,560                  |
| Minimum Revenue Provision                              | <u>11,200</u>          |
| Total Cost   | <b>25,760</b>          |
| <b><u>Rental Income to the Authority</u></b>           |                        |
| Annual Rental Income:                                  | <b>(39,370)</b>        |
| <b><u>Net Annual Revenue Cost to the Authority</u></b> |                        |
|  | £                      |
| Cost to the Authority                                  | 25,760                 |
| Rental Income to the Authority                         | <u>(39,370)</u>        |
| <b>Net Annual Revenue Cost to the Authority</b>        | <b><u>(13,610)</u></b> |

- 4.6 The net annual HRA income generated by converting the four units has been assessed as £13,610, however in addition to this consideration also needs to be given to the reduction in the General Fund costs of securing alternative temporary accommodation.
- 4.7 The net cost to the council of a bed and breakfast placement equates to £9,000 per annum, with the use of a nightly let costing £6,500 per year and a Private Licensed Accommodation (PLA) Unit equating to £3,500. If compared to the cost of a nightly let, the total saving of this initiative to the council would therefore be approximately £39,610 per annum for the four units (i.e. the General Fund saving in nightly let costs of £26,000 for the four units (£6,500 x 4) plus the net HRA revenue income generated of £13,610 per annum).
- 4.8 This initiative will contribute towards the General Fund savings target of £500,000 per annum that was approved as part of the 2017-18 budget process to be delivered through the Council purchasing or developing its own

properties for use as temporary accommodation rather than using accommodation rented on the open market. The proposed saving was profiled as £200,000 in 2018-19 with a further £300,000 in 2019-20. Savings will materialise through the avoidance of costs, either against budget or by providing mitigation against a budgetary pressure.

- 4.9 As outlined in the report, a proposal has been put forward by the City Bangladashi Cultural and Community Centre that the building is let on a short term lease to be used as a mosque while the organisation's existing premises are redeveloped. This would generate short term income of approximately £1,980 per month to the Council, equating to £23,750 if used for the maximum twelve month period. The proposed lease conditions are outlined in paragraph 3.23.
- 4.10 Both proposals are subject to planning consent (the planning application for conversion to temporary accommodation was submitted in February 2017), and depending on the timescales of the planning process and the subsequent contract tendering period in the case of the temporary accommodation initiative, a short term alternative use could potentially delay the Council in being able to commence any longer term conversion works to the property.
- 4.11 It must be stressed that although both options will generate additional net income to the Council, in order to avoid the significant costs that the Council is currently incurring in securing the premises, there is an urgent need to approve the long term use of the site. At the current rate, over a twelve month period the security costs will total in excess of £100,000.

## **5. LEGAL COMMENTS**

- 5.1 The report recommends the conversion of a site, 10 Turin Street, into temporary accommodation for the purpose of securing temporary accommodation for homeless households. In the alternative, there is a proposal to dispose of the site by way of a 12 month excluded lease to a faith-based community group for use as decant space.

### Use of the site for temporary accommodation:

- 5.2 The Council has various legislative duties and powers in respect to the provision of temporary accommodation for those who are homeless, including those set out in Part 7 of the Housing Act 1996 (as amended).
- 5.3 The use of the site to secure temporary accommodation for homeless households is therefore in accordance with that power.

### Disposal of the site for a temporary decant of a local faith group:

- 5.4 10 Turin Street is held within the Housing Revenue Account. Section 32 of the Housing Act 1985 provides that land held for housing purposes may not be

disposed of (which includes the granting of leases for any term), save for where the Secretary of State has granted consent.

- 5.5 The Secretary of State has issued a blanket consent for disposals of housing land in particular circumstances by way of the General Housing Consents 2013. Where there are no dwellings built on the land, it is considered "vacant" for the purposes of the Consent and paragraph 3.2 provides that the Council is therefore permitted to dispose of it.
- 5.6 The Council's 2015 internal policy, "Property Procedures for Disposals and Lettings", provides that in situations (such as this) where a property is surplus to operational requirements and is to be let, even temporarily, the Council will openly market the property.
- 5.7 However, a decision which is a departure from internal policy and officer recommendation is permissible and, where minded to take such a decision, the Mayor should record the reasons for doing so within this report.
- 5.8 The Council is a best value authority within the meaning of section 3 of the Local Government Act 1999 and is obliged to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The implications are set out at paragraph 7.
- 5.9 In carrying out its functions, 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 (the public sector equality duty). The considerations are set out at paragraph 6.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 When exercising its functions, including housing and asset management functions, the council has a duty under section 149 of the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 6.2 The officer recommendation in this report proposes that the council redevelop a property for the purposes of providing temporary accommodation for homeless persons.
- 6.3 The allocation and use of those units will be determined in accordance with the statutory requirements to provide such accommodation, based on a number of relevant factors including priority need and suitability of accommodation. This proposal presents an opportunity to provide good quality, suitable homes within the borough.

- 6.4 The alternative option set out in the recommendations will provide support to a local faith group who have fundraised a significant sum of money from the local community to construct an extension on their existing site. The temporary use of the building will allow the local faith group to continue to operate.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 Both the officer recommendation and the alternative short term option of letting it for a one-year period to the group can be said to support the council's Best Value Duty. The provision of the temporary accommodation units will result in a reduction in revenue expenditure on temporary accommodation by the council.
- 7.2 The letting of the property to the City Bangladeshi Cultural & Community Centre will also secure an income for the council. This will be on the basis of the open market rent for the property, as determined by a qualified surveyor.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There are no immediate sustainability implications arising from this report.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 If the Mayor is minded to proceed with the provision of temporary accommodation, this will help alleviate the risk of families being in emergency bed and breakfast accommodation for more than the maximum of six weeks in contravention of the 2003 Suitability of Accommodation Order.
- 9.2 This is in recognition of the harm to children's development if spending lengthy periods in cramped, overcrowded accommodation with insufficient space to play and study. Further concerns arise from the need to share cooking, bathroom and toilet facilities with other households including, in some cases, vulnerable single adults.
- 9.3 If the Mayor is minded to proceed with the short term letting of the property to the City Bangladeshi Cultural & Community Centre, there is a risk they will not be able to secure the necessary planning consents in time. There is also the risk of their construction programme going into delay, meaning they find

themselves without premises from which to operate after the one-year lease comes to an end.

**10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 There are no immediate crime and disorder implications arising from this report.

**11. SAFEGUARDING IMPLICATIONS**

11.1 There are no immediate safeguarding implications arising from this report.

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**Linked Reports, Appendices and Background Documents**

**Linked Report**

- None.

**Appendices**

- None.

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

- None.

**Officer contact details for documents:**

Aman Dalvi, Corporate Director, Place, 020 7364 4247,  
[aman.dalvi@towerhamlets.gov.uk](mailto:aman.dalvi@towerhamlets.gov.uk)

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor

Signed [Signature] Date 9/5/2017

Chief Executive

I have been consulted on the content of the attached report which I approve

Signed [Signature] Date 10/5/2017

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed [Signature] Date 9/5/2017

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed [Signature] Date 09/05/17

4. Mayor

I agree recommendation 1 above for the reasons set out in section 1 in the attached report

I agree recommendations 2, 3 and 4 above for the following reasons:

1) THE ASSET MANAGEMENT BOARD DID NOT CONSIDER THE SIMILARITY OF THE RISK OF  
FOR COMMUNITY USE. I BELIEVE THAT A TEMPORARY COMMUNITY USE WILL IN THIS CASE  
BE RESPONSIBLE WOULD NOT REPEL THE INTENDED LONG TERM USE. I HAVE ADVISED THAT IN  
GIVING A COMMUNITY OPTION MEANS AS LONG AS A REASONABLE ALLOCATION TO THE  
TEMPORARY USE, WITH THE CURRENT RESTRICTIONS, IS 1) THAT A REASONABLE ALLOCATION TO THE  
AND SPECIFICALLY I WOULD EXPECT A MORE WIDELY AVAILABLE APPOINTMENT FOR THE USE PERMITTED.  
2) I HAVE ADVISED OF THE CURRENT COMMUNITY USES AND ADVISED THAT IT WOULD BE AT LEAST SIX MONTHS  
FOR THE RESIDENTIAL DEVELOPMENT TO BE ON SITE & NOTED THE SEVERAL COSTS OF THE SCHEDULE  
FRESH & CONCLUDED THAT WITH THE CURRENT RESTRICTIONS & LIMITED THE COSTS FOR OTHER CURRENT  
IS REASONABLE FOR THE TERMINATION OF THIS LICENSE THE AUTHORITY WILL NOT BE IN A SIGNIFICANTLY

Signed [Signature]

Date 11/5/17

DISCREPANCY OVER COMMUNITY USES  
THE OPTION NOT PROCEED  
4) CONCERNING THAT I WAS OPINIONED  
BY THE INTENDED LICENSES AND  
THAT I HAVE EMPHATICALLY THAT THIS IS  
A COMMUNITY TRADING, OF  
BLIND TO A BUSINESS COMMUNITY  
LAMP, AND THAT I OFFERS  
BOTH REGULATORY OCCUPATION &  
SERVICE COMPLYING WITH THE LICENSE.


3) CIVILLY, I HAVE MADE IT CLEAR TO ASSET MANAGEMENT, AND IN THE DECISION PARTS, THAT THE NATURE OF THE ISSUES IN THE AREA MEAN THAT DOMESTIC EXERCISE...





## Mayor's decision wording

- 1) The Asset Management board did not consider the suitability of the building for community use and I believe that a temporary community use will in this case be reasonable while not replacing the intended longer term use. I have asked that in future a community option might be considered alongside others for surplus buildings.
- 2) The temporary use, with the conditions attached, is I think a reasonable allocation to the group specified. I would expect a more widely advertised approach were the use permanent.
- 3) I have looked at the financial comments and was advised that it would take at least six months for the residential adaptation to be on site, and note the security costs on the figures given, and conclude that with the rental proposed and provided the contract for onward conversion is readied for the termination of this licence the authority will not be in a significantly different place financially from the option of not proceeding.
- 4) I can confirm that I was approached by the intended licensees but that I have emphasised that this is a commercial transaction, of benefit to a bona fide community group, and that I expect both respectful occupation and strict compliance with the licence.
- 5) Finally, I have made it clear to Asset Management, and in this decision repeat, that the nature of ASB issues in the area mean that housing need to be extremely thoughtful in the choice of occupiers of the temporary homes, once provided.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end.

