

Grants Scrutiny Sub-Committee 3 rd July 2017	
Report of: Zena Cooke, Corporate Director of Resources	Classification: Unrestricted
Community Buildings Review – Extended Scope	

Lead Member	Cllr David Edgar, Cabinet Member for Resources
Originating Officer(s)	David Freeman, Strategy Manager, Voluntary and Community Sector Emily Fieran-Reed, Service Manager, Community Cohesion, Engagement and Commissioning
Wards affected	All wards
Key Decision?	No
Community Plan Theme	A Great Place to Live

Executive Summary

This report seeks approval for officers to undertake further work within the scope of the recommendations agreed by Cabinet on 1 November 2016 set out in paragraph 3.1 of this report. This work will include all Council owned premises occupied by voluntary and community sector (VCS) organisations.

The report also seeks approval for officers to review the process and criteria for reduced rent agreed by Cabinet. This will be undertaken in order to ensure they are appropriate in the context of the wider reviews of the Council's support to the voluntary and community sector being undertaken as the delivery of the VCS Strategy Action Plan progresses. In addition, this report seeks agreement for officers to explore these possibilities and develop options to mitigate potential unintended consequences for local VCS organisations.

Recommendations:

Grants Scrutiny Sub-Committee is recommended to:

Consider and comment on the following recommendations which will be considered by Grants Determination Subcommittee on 10 July:

1. Agree to extend the scope of the review of Council owned community buildings occupied by voluntary and community sector (VCS) organisations agreed by Cabinet on 1 November 2016 to include all Council owned buildings occupied by VCS organisations;
2. Agree that the process and criteria for reduced rent agreed by Cabinet on 1 November 2016 be extended to apply to all Council buildings and reviewed to ensure they are appropriate in the context of the wider review of Council support to the VCS; and
3. Agree that further work is carried out to explore the potential unintended consequences for local services of implementing the new arrangements and ways of mitigating the impact, including exploring possible transitional arrangements for organisations affected by the changes, where appropriate.

1. REASONS FOR THE DECISIONS

- 1.1 On 1 November 2016, Cabinet agreed a number of recommendations set out in paragraph 3.1 below, intended to provide a fair, open and transparent framework to guide the Council's future relationship with voluntary and community sector (VCS) organisations occupying its premises. The report focussed on premises held within the Council's community building portfolio. However, there are a number of Council owned buildings used by VCS organisations which do not fall within that portfolio. In order to ensure consistency of the Council's approach to organisations using its premises, it is necessary to extend the premises review to include all such premises.

2. ALTERNATIVE OPTIONS

- 2.1 The Council could continue with the review as previously agreed by Cabinet. This would not be in keeping with the aims of the Council's Voluntary and Community Sector Strategy and the Council's wider commitment to transparency and fairness.

3. DETAILS OF REPORT

3.1 On 1 November 2016 Cabinet received a report from the Cabinet Member for Resources setting out recommendations relating to the Council's provision of premises to support the work of voluntary and community sector (VCS) in the borough. Cabinet agreed:

1. That a network of community hub buildings be established throughout the borough;
2. The key terms for leases as set out in paragraph 5.3 of the report;
3. That where community groups are to remain in existing accommodation, that this accommodation will be on the basis of a formal lease with a community rent;
4. That, in some cases, THH-recognised tenants and residents associations (TRAs), who can demonstrate intensive use of the property, may be issued with a lease based on a peppercorn rent for their TRA activities;
5. The community benefit rent reduction policy, which affords eligible organisations a subsidy of 80% of their market rent, as set out in section 13 of the report;
6. The proposed criteria, independent assessment tools and process and the monitoring and reporting arrangements for the community benefit rent reduction policy as set out in paragraphs 13.8 to 13.24 of the report;
7. The proposed plan and approach for implementing the community benefit rent reduction policy, working with Tower Hamlets Council for Voluntary Service (THCVS) to support the voluntary and community sector organisations; and
8. To note that the additional capital and revenue resourcing required for the delivery of the community buildings policy will be considered as part of the Council's Medium Term Financial Strategy.

3.2 Officers have been working to implement the recommendations agreed by Cabinet. To date, officers have;

- i. Transferred those community buildings identified as vacant to alternative use;
- ii. Agreed heads of terms with the majority of premises identified as being used as nurseries, and
- iii. Begun the process of negotiating heads of terms with the remaining premises i.e. those identified within the portfolio as "community halls".

3.3 Tower Hamlets' VCS Strategy and the premises policy itself seek to promote transparency and parity of treatment of VCS organisations. We will therefore be reviewing these new arrangements in relation to how they should also apply to VCS organisations which use Council owned premises not designated within the portfolio as community buildings. The review will also make any further procedural changes deemed beneficial.

3.4 The initial review included the 74 buildings within the Council's portfolio designated as 'community buildings'. However, there are approximately 30

other buildings owned by the Council where VCS organisations may have substantial or exclusive use. Widening the scope of the review will see the introduction of more consistent formal arrangements to regularise use by the VCS in relation to the Council portfolio as a whole.

- 3.5 As the delivery of the VCS Strategy Action Plan progresses, there will be reviews of the ways in which the council supports services provided by the VCS, particularly through commissioning and grants. It is therefore important that the standards required of VCS organisations across all forms of financial and wider support are consistent and proportionate. The criteria for reduced rent will need to be consistent and therefore may need amendment. It is therefore proposed that the rent reduction policy is widened to apply VCS organisations in all types of Council buildings.
- 3.6 It is proposed that further work be done to explore potential consequences and how they may be mitigated by, for instance, transitional arrangements. This will consider how organisations will be affected, in particular, viability issues where there could be the unintended consequence of loss of valuable services to the community.
- 3.7 It is now proposed that, while retaining the principles agreed by Cabinet:
1. The scope of the review is extended to include all Council owned buildings occupied by VCS organisations;
 2. The process and criteria for reduced rent is extended to VCS organisations in council buildings not designated as community buildings and be reviewed to ensure they are appropriate in the context of the wider review of Council support to the VCS; and
 3. Further work is carried out to explore the potential consequences for local services of implementing the new arrangements and ways of mitigating any impact, including exploring possible transitional arrangements for organisations affected by the changes, where appropriate.
- 3.8 The extended review will commence in July. The initial review to establish how the new arrangements may also apply to VCS organisations which use Council owned premises not designated as community buildings should be completed by the end of the summer and it is anticipated that the full review will be complete by 31 December 2017 so that it can be implemented with effect from 1 April 2018.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report follows on from the 'Community Buildings Review' report considered by Cabinet on the 1st of November 2016.
- 4.2 Where the broadening of the review to encompass other Council buildings results in proposals for either a reduced rental yield or transitional support to mitigate what are described as unintended consequences, these will require further approval including the identification of appropriate resources.

- 4.3 The cost of the work detailed within this report can be carried out within existing resources.

5. LEGAL COMMENTS

- 5.1 The report seeks authority for officers to undertake a wholesale review of the Community Benefit Rent Reduction policy, agreed by Cabinet on 1 November 2016.
- 5.2 There are no direct legal implications arising from the decision to undertake a review. However, legal advice should be sought as part of the review process.
- 5.3 The Council is required under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness”. Best value can include consideration of community or social value and this will be considered at the appropriate juncture.
- 5.4 In accordance with the Equality Act 2010, the Council must have due regard to the need to eliminate unlawful conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not. Given the nature of the organisations to whom the policy applies, further equality impact analysis may need to be undertaken in order to assess and mitigate any likely impact of the criteria/policy on groups who share a protected characteristic.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The 1 November Cabinet report identified that supporting the VCS will increase social capital as well as foster and strengthen community cohesion. It also highlighted the role of the VCS in helping to reduce poverty.
- 6.2 The full equalities analysis appended to the report concluded that the proposed community benefit rent reduction policy does not appear to have any adverse equalities impact on people who share protected characteristics and no further actions were proposed other than those already set out in the action plan
- 6.3 Further equalities analysis will be included in the proposed extended review.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The 1 November Cabinet report identified how the proposed changes would align with the council’s Best Value Action Plan through:
- a. Better utilisation of council assets through the establishment of community hubs;

- b. Properties will be occupied on the basis of formal leasing arrangements setting out clearly the respective responsibilities of landlord and tenant;
- c. Through the rent reduction scheme, the council will be demonstrating a tangible benefit for rental income foregone.

7.2 The proposals set out in this report will similarly align with the Best Value Action Plan.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

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

9. RISK MANAGEMENT IMPLICATIONS

9.1 Having a clear, consistent and transparent policy relating to the use of all council owned premises by VCS organisations will reduce the risk of challenge on decisions the council may take in these matters.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

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

11. SAFEGUARDING IMPLICATIONS

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

Linked Reports, Appendices and Background Documents

Linked Report

- Cabinet Report 1 November 2016 Community Buildings Review – Recommendation Report

Appendices

- None

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

- None

Officer contact details for documents:

- Emily Fieran-Reed, Service Manager, Community Cohesion, Engagement and Commissioning, 020 7364 4058, emily.fieranreed@towerhamlets.gov.uk.