


Commissioner Decision Report 24 May 2016	 TOWER HAMLETS
Report of: Aman Dalvi Corporate Director, Development and Renewal	Classification: Unrestricted
Report Title: Whitechapel High Street Fund as grant to London Small Business Centre to deliver capital refurbishment and accessible workspace at 206 Whitechapel Road (SITE 2)	

Originating Officer(s)	Duncan Brown, Strategic Project Manager, Whitechapel Delivery Team
Wards affected	Whitechapel, Stepney Green, Spitalfields-and-Banglatown, Bethnal Green
Key Decision?	Yes
Community Plan Theme	A great place to live; A fair and prosperous community; A safe and cohesive community

EXECUTIVE SUMMARY

In July 2015, the Council entered into a jointly sponsored funding agreement known as the Whitechapel High Street Fund (WHSF) with the Greater London Authority (GLA) valued at £1.123 million to be spent in the geographical boundary of the Whitechapel Vision Masterplan SPD area by April 2017. The agreement consists of £520,000 awarded by the GLA matched by a £603,000 contribution from the Council (LBTH). Of this funding, £725,000 is allocated as capital funding for the refurbishment and reuse of vacant and underused spaces in order to contribute towards the delivery of workspace within the Whitechapel area.

Of the £725,000 amount, the Council has until 30th September 2016 to allocate approximately £400,000 of unspent GLA match funding towards capital projects, or it must return these monies back to the GLA. Therefore timescales are critical to project spend being delivered within this timeframe.

Following a six month pre-qualified site selection process (*Call for Spaces*) that commenced in September 2015 and bid selection process (*Call for Bids*) thereafter, this report recommends funding be released against **SITE 2** (Royal Mail Group owned vacant unit at 206 Whitechapel Road) from the Whitechapel High Street Fund as grant directly towards the London Small Business Centre, to procure and deliver refurbishment works to enable new accessible workspace provision.

RECOMMENDATIONS

The Commissioners are recommended to:

- 1 Approve a capital grant allocation of £227,000 to the London Small Business Centre (party 1) to undertake shop front upgrades and internal refurbishment

works at the Royal Mail Group (party 2) owned unit at 206 Whitechapel Road (SITE 2) to deliver and occupy approximately 280sqm (3,010sqft) of vacant space to deliver publicly accessible workspace provision to serve the local resident community subject to a signed lease agreement of no less than 3 years between party 1 and 2.

- 2 Receive notification of final detail of grant agreement relating to 206 Whitechapel Road (SITE 2) at a future Commissioners' Decision Making Meeting in Public and authorise the Corporate Director of Development and Renewal and Corporate Director of Resources to approve the details of the agreement prior to disbursement of funds to the London Small Business Centre.

1. REASONS FOR THE DECISIONS

- 1.1 The decision is required in order that the Council (LBTH) as the accountable body on behalf of the GLA through the Whitechapel High Street funding agreement, is authorised to draw down on the monies to dispense a capital grant to a third party not for profit charitable organisation, the London Small Business Centre (LSBC). This will trigger the delivery of a refurbishment scheme to provide publicly accessible workspaces and business support functions for local residents at the 206 Whitechapel Road high street site, subject to a separate lease agreement. The result will be the delivery of the key project outputs set out as numerical targets enshrined within the Whitechapel High Street funding agreement of which the Council is a key signatory.

2. ALTERNATIVE OPTIONS

- 2.1 In consultation with officers of the Council and through an advisory meeting with the Commissioners on 9th February 2016 the following options were considered prior to the grant route being chosen by officers for this selected project. The following options are considered less preferable in the method of funding delivery:

- 2.2 **Option 2 - The Council take a direct lease interest in the property and undertake capital works and procure a workspace provider.**

This approach was initially considered as the preferred route to utilise the Whitechapel High Street funding as it allowed the council to exert full control and management of spend on the proposed property at Site 2 via its existing procurement frameworks. However on further investigation and internal advice from the Council's Asset Management section it was determined that there was insufficient legal interest for the Council to obtain the head lease at 206 Whitechapel Road. Additionally in undertaking works to a third party owned property it was also deemed a disproportionate risk balanced against the scheme benefits of occupancy and in terms of liability for works.

2.3 **Option 3 - The Council undertake the capital works only.**

Similar to Option 2, the Council was deemed to have an insufficient legal interest in the property at 206 Whitechapel Road to undertake capital works and associated liabilities on the third party property owned site which is beyond the direct control and ownership of the Council.

2.4 **Option 4 - Do nothing**

This would risk losing a large proportion of the outstanding £400,000 of GLA capital funding towards bringing employment opportunities and business support functions to residents of the borough via new workspace delivery.

3. DETAILS OF REPORT

3.1 The Whitechapel High Street Fund (WHSF) workspace programme is aimed at enabling new and improved workspace, the creation of new jobs, new start-up businesses, supporting SME's and enabling apprenticeship opportunities in accordance with agreed targets in the WHSF agreement between the GLA and LBTH. The committed outputs to be delivered by April 2017 include:

- **Delivery of 850sqm of new or improved workspace**
- **the creation of 100 new jobs,**
- **10 new start-up businesses,**
- **75 local SME's supported**
- **1 new apprenticeship**

3.2 In order to progress the WHSF workspace programme, the Council's Whitechapel Vision Delivery team in September 2015, publicly launched the 'Enterprising Whitechapel' project initiative which was specifically set up as an open and public online workspace portal for both landlords and potential workspace providers and occupants to be able to access workspace opportunities in the area.

SELECTION PROCESS FOR PARTICIPATING LANDLORDS AND BIDDERS

STAGE 1: VACANT BUILDING REGISTER - CALL FOR SPACES

3.3 In order to advertise the opportunity afforded by WHSF capital investment programme, the Council (through its Whitechapel Delivery Team) and the GLA jointly launched an open and public 'Call for Spaces' on 1st September 2015 to invite participation of all land owners in the Whitechapel masterplan area via Expressions of Interest written submissions to the Council. The advert sought to invite and incentivise participation in the voluntary workspace programme offering benefits such as vacant building business rate cover, capital upgrades to property, security from squatting, maintenance and utilities costs covered, short term and flexible lease terms in cases of eventual site redevelopment. (See Appendix A)

- 3.4 To qualify for the Vacant Building Register and any subsequent capital investment by making the spaces available to occupy, the guidance requested that sites were no less than 200m² (approx. 2,150ft²) in size and could be made available for a minimum of two years. It was also required that properties had existing service provision and/or could be reconnected to standard services without major works, and that access to the resulting spaces could be allowed outside of normal working hours. These conditions were set with the Call for Spaces guidance because there were considered the minimum threshold for financial viability for landlords and also to achieve best value for the Council and GLA regarding public capital funding investment alongside programme outputs.
- 3.5 The following media channels were used in the open Call for Spaces as publicly advertised on 1st September 2015:
- LBTH website (www.towerhamlets.gov.uk)
 - Enterprising Whitechapel website (<http://www.enterprisingwhitechapel.org/news/disused-spaces-in-whitechapel-to-be-transformed-for-businesses/>;
<http://www.enterprisingwhitechapel.org/landowners/>)
 - LBTH twitter and social media feeds (<https://twitter.com/TowerHamletsNow/status/639029224708304896>)
 - LBTH press release (<https://twitter.com/TowerHamletsNow/status/639029224708304896>)
 - Further coverage in East End Life, The East London Advertiser and Building Construction Design
- 3.6 The Call for Spaces triggered Expressions of Interest from a number of local institutional landlords including publicly and privately owned sites within Whitechapel. The below vacant sites were qualified and vetted as suitable to accommodate workspace provision and therefore registered under the Expression of Interest. The Council itself registered (SITE 3 and 4) under the programme as listed in Figure 1.

Figure 1: Registered and eligible sites for workspace occupancy

SITE	ADDRESS	OWNERSHIP
SITE 1	Outpatients Building & Annexe, Stepney Way	Barts Health NHS Trust
	The Old Dental Hospital, Stepney Way	Barts Health NHS Trust
	Princess Alexandra House, Ashfield Street	Barts Health NHS Trust
SITE 2	Former Post Office space office, 206 Whitechapel Road	Royal Mail Group Limited

SITE 3	Old Stepney Library, Sidney Estate	London Borough of Tower Hamlets
SITE 4	Whitechapel IDEA Store, Whitechapel Road	London Borough of Tower Hamlets
SITE 6	Davenant Centre	The Davenant Trust
SITE 7	Jagonarri Centre	The Davenant Trust

PROVIDER SELECTION CRITERIA

STAGE 2: WORKSPACE PROVIDERS – CALL FOR BIDS

- 3.7 Following the registration of viable sites through the ‘Vacant Building Register – Call for Spaces’ process, the Whitechapel Vision Delivery Team produced guidance to be distributed to potential workspace providers in tandem with a site-by-site ‘Call for Bids’ process to apply for occupation on the registered sites. (See Appendix B). A bid package was provided to all interested and registered workspace providers regarding the details of Site 2 at 206 Whitechapel Road, including site plans and a site specification. Although there was no obligation to do so, the Enterprising Whitechapel selection process aimed to replicate a competitive tender procurement as closely as possible to ensure open and competitive bids were submitted and evaluated on equal terms against set criteria in consultation with LBTH Legal Contracts team.
- 3.8 Workspace providers who had registered interest in the Enterprising Whitechapel initiative were notified that any bids would be scored on two main elements, these include evidence regarding the supporting business plan (50%) and community benefits plan (50%). (See Appendix B)
- 3.9 A Call for Bids was created for Site 2 at 206 Whitechapel Road based on details agreed with Royal Mail Group (RMG) as landlord, following their successful registration of the property under the Vacant Building Register. The terms for occupation set by RMG with an all-inclusive service charge were set at £30/sq ft, on a lease lasting a minimum of 5 years from April 2016, with a break clause executable on 3 years as of April 2019.
- 3.10 The Site 2 Call for Bids site pack included a site specification detailing required service charges and excluded costs, access and security requirements, health & safety stipulations, cleaning and maintenance obligations, proposed lease terms and any other constraints.
- 3.11 Bidders were asked to specify what their proposed refurbishments to the building would entail, working with the existing fabric of the building and complying with Royal Mail requirements regarding security and access. Outline costings of this refurbishment were requested which would form the basis of their grant funding requirements.
- 3.12 The specification for bidders stipulated that the space at 206 Whitechapel Road would be required to enable business support, new employment,

apprenticeships, an exhibition/ events area which can be flexibly used by the Council for consultation & engagement events, and possibly a small ancillary café.

3.13 **The Call for Bids on SITE 2 was publicly issued on 20th November 2015,** through the following channels:

- An email to 44 registered workspace providers
- Page on publicly accessible Enterprising Whitechapel website (<http://www.enterprisingwhitechapel.org/space/206-whitechapel-road-royal-mail-building/>)
- Tweet sent by GLA Regeneration to all members of the GLA Open Workspace Providers Group linking to Enterprising Whitechapel website (https://twitter.com/Open_Workspaces/status/668854987926151168)

3.14 Bidders were advised of a two-week bid period, with a deadline for requests for clarification by **27th November 2015** and a site visit was held on **27th November 2015** to help inform bids and collect questions of clarification.

3.15 The bid deadline was set at **4:00pm on 4th December 2015** however upon request by multiple interested workspace providers the deadline for submissions was extended by one working week to **4:00pm on 11th December 2015**.

STAGE 3: ASSESSMENT OF BIDS

3.16 In total 34 Expression of Interest were registered on SITE 2 , however further to 4:00pm deadline on 11th December 2015, bids were received from the following 2 bidder organisations:

1. **Bidder 1 – The London Small Business Centre**
2. **Bidder 2 - Shoreditch Works**

3.17 With the consent of the GLA an LBTH officer panel was assembled to evaluate the bids consisting of three panelists: a Project Manager, Project Officer and Strategic Project Manager within the Council's Whitechapel Delivery Team. Following assessment according to these requirements, Bidder 1 (London Small Business Centre) scored the highest marks for their workspace and business support proposal for 206 Whitechapel Road as follows:

1. **Bidder 1 (London Small Business Centre)- Score: 79.5%**
2. **Bidder 2 (Shoreditch Works) - Score: 46%**

3.18 The submitted winning bid by Bidder 1 responded well to the brief and the requirements of the site, while Bidder 2 submitted a bid which had insufficient detail to qualify as a suitable workspace provider partner. This was reflected in the panel's respective scores as above.

- 3.19 Committed outputs of Bidder 1 include the refurbishment of approximately 280sqm of vacant space for employment workspace. This total floorspace occupation will meet approximately 35% of the Whitechapel High Street Fund target requirements which are set at 850sqm. The nature of the operation of LSBC also means it will achieve over the length of its lease (minimum 3 years) the support for in excess of 75 local businesses and 10 new starts ups. In terms of the application for grant monies the LSBC applied for totalled £100,000 to undertake capital works at Site 2. While it was considered a relatively low capital request to undertake works, the Panel accepted that it was not unviable but required further clarification and investigation regarding technical feasibility to verify actual costs. Flexibility was also given to all bidders regarding their supporting capital costed proposals due to the time limited bid period and the constraint of not being able to obtain detailed survey costs on 206 Whitechapel Road. Such an exercise would have incurred significant costs to bidding applicants and time delays to the project programme.
- 3.20 Subsequently on **15th January 2016**, the Panel recommended the London Small Business Centre be selected as the workspace provider at 206 Whitechapel Road to undertake capital works to the property and as such was notified on this date.
- 3.21 At a meeting of **23rd January 2016**, the GLA as project sponsor were notified of the outcome of the bidder recommendation and endorsed the Panel's decision.

STAGE 4: TECHNICAL CLARIFICATION AND VETTING

- 3.22 Further to the successful bid application submitted by LSBC, the Council has since undertaken a technical appraisal and verification particularly regarding the capital works costs. As set out in paragraph 3.19 the LSBC lodged a £100,000 request for capital grant within their bid proposal. However, in vetting this cost amount against a more detailed and accurate technical cost feasibility study, officers were advised by the Council's in house Building & Architecture Technical Services (BATS) team that it was low and more capital monies would be required to bring in line with real costs for refurbishment following further surveys and inclusive of additional fees.
- 3.23 As a result the revised lodged costs by LSBC in April 2016 have now increased to £227,000 and is in line with the Council's own technical appraisal dated April 2016 which reflects a similar value for capital works. While this is a material increase in costs as originally applied for by approximately £127,000, it does reflect LSBC subsumed and increased liability as the lead commissioner of capital works and therefore additional costs are justified to this level in terms of covering their revised professional fees and contingency, which they have agreed to take on as new responsibilities.
- 3.24 During the Call for Bids, the Royal Mail Group (RMG) as the subject landlord owner of 206 Whitechapel Road were made aware of all project bidders but had no role in the overall assessment of bids. Upon Panel decision, the RMG

were notified of the Council officer recommendation at the end of January 2016 and therefore agreed to meet with LSBC as a prospective tenant (without prejudice) at a meeting held on 25th February 2016. The RMG was and is still under no obligation to agree to enter into a lease with the LSBC, yet none-the-less RMG in the spirit of the Enterprising Whitechapel programme has held subsequent meetings between the two organisations. As of 13th May 2016, both parties have shared head of terms at Site 2 and agreed outline lease terms which is contingent on the capital funding being allocated by the Council. Dialogue between two parties has paused until such time as the outcome of the 24th May 2016 Commissioner Decision meeting is known. A letter from Royal Mail Group sets out the positive dialogue to date and in principle arrangement to work with the London Small Business Centre towards a lease agreement. (See Appendix C).

DUE DILLIGENCE

Organisational Profile: London Small Business Centre

- 3.25 The London Small Business Centre (LSBC) formerly East London Small Business Centre has been supporting both new and existing small businesses in the capital since 1978. LSBC was established as a public-private partnership to help stimulate improved economic well-being through enterprise. Its aim is to unlock and nurture the entrepreneurial talent within the local community, with 75% of the businesses it supports based in East London. Their work is guided by the social return achieved through the encouragement of enterprise. LSBC's not-for-profit and charitable status has meant that over the last 37 years it has worked for the benefit of local communities by increasing its reach and depth of services. Over the past 20 years they have supported 22,000 businesses, lent £15m worth of small business financing, trained 13,000 would-be entrepreneurs and given 70,000 hours of 1-to-1 advice.
- 3.26 LSBC is a registered charity (No. 1024795; Charity no. 2837557). As confirmed by its publicly available accounts from 2015, the charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The charity's governing body is the Board of Directors and Trustees, whose members are elected by the members of the association. New trustees are appointed by the Board of Trustees, and are drawn from the business and professional community with strong links to East London and the aims of the Charity.
- 3.27 The principle objectives and aims of the Charity as listed in the accounts available from the Charity Commission in 2015 were those of advancing the education and training of persons resident in East London and relieving poverty by the provision of assistance in setting up in business to persons resident in East London. In pursuance of its aims and objectives, the Charity acts as lender of last resort, using funds donated by the private sector which are held in trust and managed by the Charity. During the year the Charity continued to outreach to disadvantaged communities across East London,

offering advice, training and financial support to unemployed and ethnic minority clients. The Charity uses volunteers to forward its charitable aims and activities for specific purposes such as contributing to independent loan fund panels, and the Charity's governance, and it is delivering an initiative with private sector supporters to include mentoring for start-ups

Declaration of Interest and other Financial Due Diligence

- 3.28 As part of the Call for Bids process, LSBC were asked to complete a Business Questionnaire, covering organisational information, grounds for exclusion, economic & financial standing, and reference & supplier capability. (See Appendix D). Subsequently LSBC have been asked to declare any pecuniary interest by a variety of individuals involved in their organisation, both of which are to be listed as pre-grant award conditions in a prospective Grant Offer Letter.
- 3.29 The Grant Offer Letter to LSBC is to include a number of pre-grant award conditions to ensure that the grant funding achieves value for money. These are to be submitted to and approved by the Council, and include:
- **An agreed lease with Royal Mail Group, including a satisfactory length and conditions**
 - **A detailed refurbishment plan agreed with Royal Mail Group, with delivery timetable**
 - **A detailed plan for delivery of outputs, including monitoring arrangements and detailing businesses supported and jobs created**
- 3.30 On-going grant conditions are to include the quarterly submission of required monitoring information as per GLA evidencing requirements, and continued occupation of 206 Whitechapel Road for the use agreed and producing the agreed outputs.
- 3.31 As per the Council's standard terms and conditions of grant agreements section 9.1, the Council may withhold, suspend or cancel payment of the Grant Award and/or require repayment of all or part of the Grant Award if the above conditions are not met.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report seeks the approval of the Commissioners to release funding of £227,000 from the Whitechapel High Street Fund to the London Small Business Centre (LSBC) to support the capital works that are required in order to provide publicly accessible workspace at the former Royal Mail offices at 206 Whitechapel Road.
- 4.2 The proposed funding allocation will be a grant payment and therefore requires Commissioner approval under the terms of the Government directions of 17 December 2014.

- 4.3 The report outlines the processes that were initially put in place to identify suitable sites for workspace provision within the Whitechapel area, and then to seek bids for the running of the particular site. The Whitechapel High Street Fund was established with total financing of £1.123 million, funded from a Council contribution of £603,000 supported by a grant of £520,000 from the GLA. Following slippage from previous years, the terms of the GLA grant mean that the Council must commit funding by 30th September 2016 to maximise the match funding. If Commissioner approval is provided for this proposal, it is important that binding commitments are not entered into with the LSBC until the GLA has confirmed that it is content to finance this particular initiative, and also that funding is not released until evidence is provided that the property lease arrangements between the LSBC and the Royal Mail Group have been legally agreed.
- 4.4 The initial funding bid from the LSBC was for the sum of £100,000. This was however submitted without the benefit of a full site survey being undertaken. Following an assessment of the bid in conjunction with the council's technical officers, the required grant has been increased to £227,000 (paragraphs 3.22 and 3.23). Funding of this higher level is available from the Whitechapel High Street Fund and the bid reassessment does not impact upon the assessment of the second bid which was not considered suitable for the requirements of the project (paragraph 3.18).

5. LEGAL COMMENTS

- 5.1 Whilst there is no strict legal definition of grant, a grant is in the nature of a gift and is based in trust law. However, grants are often given for a purpose so it is sometimes unclear whether a grant has been made or the arrangement is a contract for services. A contract for services is not a grant and therefore, an arrangement which is classified as a contract for services would be outside the remit of the power conferred upon the commissioners to approve.
- 5.2 There will be many grants which are made by the Council for the purpose of discharging one of its statutory duties. However, as a grant is in the nature of a gift, it is considered there must be some element of discretion on the part of the Council as grantor as to whom a grant is made to and whether this is made. If the Council is under a legal duty to provide a payment to a specific individual or organisation, and cannot lawfully elect not to make such a payment, then that should not amount to a grant.
- 5.3 In this case, the Council is not under a legal duty to provide these payments. The payments are discretionary and therefore considered to be a grant.
- 5.4 The power of the commissioners to make decisions in relation to grants arises from directions made by the Secretary of State on 17th December 2014 pursuant to powers under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions). Paragraph 4(ii) and Annex B of the Directions together provide that, until 31 March 2017, the Council's functions in relation to grants will be exercised by appointed Commissioners, acting jointly or

severally. This is subject to an exception in relation to grants made under section 24 of the Housing Grants, Construction and Regeneration Act 1996, for the purposes of section 23 of that Act (disabled facilities grant).

- 5.5 To the extent that the Commissioners are exercising powers which would otherwise have been the Council's, there is a need to ensure the Council has power to make the grants in question. The Commissioners will wish to be satisfied that this is the case. It appears from the information provided in the report that the grants are capable of being supported under the Council's powers.
- 5.6 Under section 1 of the Localism Act 2011 the Council has the general power of competence. This means that the Council has the power to do anything that an ordinary human being could do, unless statute specifically restricts the Council from acting in the way it wishes. Therefore, in the absence of specific legislation to the contrary it would appear to be within the Council's power to issue these grants, subject always to the directions of the Secretary Of State For Communities and Local Government.
- 5.7 The Council is required to ensure that the opportunity to receive grant funding is made available but the public generally. The details of the report show that a fair and open procedure has been undertaken to determine the recipients of the grant, with the opportunity advertised generally and applications measured against the specified criteria. This has been followed up with a rigorous appraisal of the bids to determine the winning recipient.
- 5.8 Also the Council has a duty under Section 3 of the Local Government Act 1999 to ensure that all agreements into which it enters satisfies the Council's Best Value duty. Therefore, the grant agreement with the provider must contain robust monitoring and performance clauses ensuring that value for money is achieved through the grant. The evaluation process also assists the discharge of this duty although the details of the bid must be reflected in the final grant agreement to ensure that the promised outcomes for the grant money are delivered by the grant recipient. Information relevant to Best Value implications is contained in paragraph 7 of the report.
- 5.9 Also, the Council must ensure that the terms of the grant agreement into which it enters reflect any requirements set down and placed on the Council by the GLA This is to ensure that in the event of a failure in the provision the Council will have the same rights of recourse against the grant recipient as the GLA will have against the Council.
- 5.10 The Treaty on the Functioning of the European Union (TFEU) provides that certain government activities may be prohibited because they give an advantage in a selective way to certain entities, which might affect competition within the internal market. Those advantages may amount to prohibited state aid, or may be state aid which is either expressly allowed by the Treaty, or which may be allowed, dependent on the circumstances. Certain activities are considered to be compatible with EU law however and which includes "aid

having a social character” (see Article 107(2)(a) of TFEU). In this case, the grants would have a social character and are therefore not prohibited

- 5.11 When making decisions, 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 do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and information relevant to this is contained in the One Tower Hamlets section of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The Whitechapel Vision Delivery Team have selected the preferred workspace provider as part of the Enterprising Whitechapel project as part of the criteria set out in Appendix B, including scores on elements of the LBTH Social Cohesion Toolkit, as well as their contribution to overarching WHSF outputs. This involved engagement with representatives from the Council’s Community Cohesion, Engagement and Commissioning Team who provided expert advice on its use and relevance to all assessment processes and projects in the Whitechapel Delivery Plan. All of these criteria and outputs relate strongly to One Tower Hamlets Considerations, particularly in terms of employment and apprenticeships targets, for which equalities and diversity will be monitored on a quarterly basis.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 Officers have taken every measure to ensure best value and return to the Council. More broadly the economic and social benefits of providing workspace within Site 2 at 206 Whitechapel Road will help ensure longer term savings to the Borough. In order to provide a comprehensive response on best value all of the issues relating grants, as highlighted in the Council’s **Best Value Strategy and Action Plan (March 2015)** are addressed in the table below:

<u>London Small Business Centre bid relating to use of 206 Whitechapel Road as workspace > Best Value Assessment</u>
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*Headings taken from the LBTH Best Value Strategy and Action Plan (March 2015)

1. Ensure clear needs analysis and strategic focus for grant giving
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| <ul style="list-style-type: none">a) A full ‘Call for Spaces’ was carried out to identify qualifying spaces across the whole of the Masterplan areab) All bidders were made aware of specific community and economic objectives of the HSF fund and were asked to justify how they would contribute to meeting these objectives through their bid submissionc) Through the Enterprising Whitechapel report, it was identified that there is a need for flexible/affordable workspace in the town centre and that it is |
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underperforming in this regard against comparable town centres and neighbouring areas. The Whitechapel High Street Fund seeks to address this through capital investment in vacant or underused buildings.

2. Governance and decision making around grants

- a) Officer assessment was based on bid criteria as set out in this report and according to GLA bid specification at the point of overall grant award.
- b) Council Grants Register 2016/17
- c) Whitechapel Delivery Council Officer Steering Group (quarterly)
- d) Council Capital Asset Management Board (bi-monthly)
- e) Development & Renewal Directorate Management Team meeting (weekly)
- f) GLA programme review meeting and monitoring (monthly and quarterly)

3. Role, terms of reference, conduct of Corporate Grants Programme Board

- a) The role of the fund and criteria for application was approved by the GLA. A comprehensive and bidding criteria was provided to all applicants
- b) This fund is not applicable to the Corporate Grants Programme Board but advice has been sought from the Third Sector Programmes Team who help oversee the Board so as to ensure alignment

4. Standardised application and publicity about assessment/eligibility

- a) A standardised application pack was provided to all eligible bidders, including a guidance note on the Enterprising Whitechapel project, describing in detail eligibility requirements and assessment criteria and process.
- b) All publicity relating to the High Street Fund was approved through the LBTH Communications Team

5. Role of member engagement

- a) Members have had no role in assessment
- b) Mayoral and Lead member briefing notifications (regular)

6. Declaration of Interest

- a) Preferred bidders have been required to fill in a Declaration of Interest Form approved by officers in the Third Sector Programmes Team
- b) All Officer assessors will also be required to fill in a Declaration of Interest form
- c) Officers are in possession of the applicants financial accounts

7. Documentation of rationale for changes

- a) Where bid amounts have changed, as specified in this report, it has related to technical demands of the building only and these changes have been

reassessed by experts with in the Council

8. Application of eligibility and quality thresholds

- a) The criteria of the fund was set out in documentation to all bidders who were asked to set out in documentation eligibility for funding and their ability to deliver on bid outcomes
- b) All costs submitted by bidders have been subject to qualified experts within the Council's Architectural Team

9. Awards above requested amount

- a) All awards for funding have been assessed in relation to technical capital costs submitted by the applicant

10. Grant management and monitoring

- a) Council Officers will provide full oversight and monitoring/ evaluation of the grants programme including technical capital outputs as well community and economic grant objectives.
- b) GLA programme review meeting and monitoring (monthly and quarterly)

11. Formal agreements and record keeping

- a) Council Officers will monitor and evaluate progress of refurbishments and outputs as agreed, and as stipulated in the Grant Offer Letter and standard grant terms & conditions
- b) All release of funding will be in accordance with a full Grant Agreement approved but the Council's Legal Team and setting out terms and conditions

12. Standardise monitoring requirements

- a) All monitoring will be subject to standardised monitoring requirements as stipulated in the Grant Offer Letter and in compliance with GLA evidencing requirements.

13. Consider benefits of consolidation

- a) The co-location of the London Small Business Centre in vacant premises belonging to Royal Mail has been demonstrated to represent a good consolidated use of 206 Whitechapel Road that delivers comprehensive community and economic benefit.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Reuse of this currently unused space could, through the terms of the grant agreement, will serve as platform for a number of organised workshops/ day time events and training which will be designed to relate to public health and environmental community participation. This would also have clear benefits in terms of wider social cohesion.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 There is a risk that the selected provider may decide to end occupancy before the end of the lease period, or that the capital grant would not lead to the delivery of project outputs as described. As per paragraph 3.31 above, this risk will be dealt with by the funding contract requiring the return of funds in the case where refurbishments are not carried out as agreed, the specified period of occupancy is not met, or where outputs are not achieved.
- 9.2 Advice from Asset Management Officers within the Council was that it was preferable for the Council to not take a Head Lease on both buildings due to the level of risk. This has been addressed through an approach which requires the Council to directly undertake a grant funding agreement with the provider for capital works, requiring a capital estimate to be raised and approved by the Corporate Director.
- 9.3 In the event that the funding highlighted in this report is not programmed for expenditure, there is a risk that the GLA will withdraw their offer of match funds to the Council at the end of September 2016. This would potentially mean that the GLA would not seek to select Tower Hamlets Council in future funding rounds. This risk is being managed through regular updates with the GLA and through the appropriate project management being put in place in the lead up to delivery.
- 9.4 The GLA advise that the funding expenditure deadline can only be extended to September 2016, beyond which date there is a risk the funding allocation for this project will be reassigned. Therefore, subject to the necessary reporting procedures and the commencement of the works, funding will need to be transferred to the London Small Business Centre before full completion of works prior to September 2016. The risk of funding being provided without confirmation outputs will be mitigated through a funding contract drawn up by LBTH Legal services that will specify a claw-back arrangement based on any of the technical specification not having been met and/or the community and economic objectives of the bid not being delivered.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 Using and securing a previously unoccupied space will contribute to natural surveillance within the high street and minimise the sense of neglect vacant spaces can bring to a centre. The events, training and job outputs that the project will engender will make a contribution to wider social cohesion which in turn will contribute to reducing the likelihood of crime and disorder.

11. SAFEGUARDING IMPLICATIONS

- 11.1 London Small Business Centre relieves poverty by the provision of assistance in the setting up in business of persons who by their social and economic circumstances are in need and suffer voluntary unemployment and to advance the education and training of persons in the skills required for employment and self-employment. The activities that they undertake are closely aligned to the approach set out in London Multi-Agency Adult Safeguarding Policy and Procedures (2015) which prioritises working with adults at risk of abuse and neglect to have greater control in their lives to both prevent it from happening, and to give meaningful options of dealing with it should it occur.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix A) WHSF Vacant Building Register Call for Spaces – Guidance Note
- Appendix B) Enterprising Whitechapel Call for Bids – Guidance Note
- Appendix C) [LETTER FROM Royal Mail Group]
- Appendix D) LSBC Enterprising Whitechapel Business Questionnaire

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

- Enterprising Whitechapel Report 2015

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