


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

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

1. EXECUTIVE SUMMARY

1.1 This report updates Grants Determination Sub-Committee on the ongoing work of Ocean Regeneration Trust (ORT) in bringing socio-economic improvements and investment into the Ocean area. ORT was set up in accordance with New Deal for Communities (NDC) succession and legacy requirements as a vehicle for ongoing local regeneration. The Council retains overview via a seat on ORT’s Board and close officer involvement.

1.2 The report requests:

1.2.1 allocation of £80,000 grant to ORT for 2018/19, funded as agreed in previous years by an interim provision of revenue from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and supplemented by revenue from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd) which is now coming on-stream;

1.2.2 allocation of £809,000 grant to ORT for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd: this grant will support ORT’s ongoing projects and core activities for this period, and specifically will enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre.

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

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

Decision Type

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

2. RECOMMENDATIONS

- 2.1 The Grants Determination Sub-Committee is recommended to authorise the Acting Corporate Director of Place to:
- 2.1.1 pay ORT £80,000 grant for 2018/19, as explained in the report, funded by a combination of revenues from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and as available from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd), to support ORT's ongoing projects and core activities for the current financial year;
- 2.1.2 pay ORT grant in the sum of £809,000 for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd, as set out in the report, to support ORT's ongoing projects and core activities for this period, and to enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre;
- 2.1.3 allocate a further provisional grant of £61,000 as a contingency should ORT not be eligible for the anticipated 80% community rent discount, as explained in the report;
- 2.1.4 note the arrangements for transitional council officer support and monitoring set out in para. 7.14.

3. REASONS FOR THE DECISIONS

- 3.1 The first of these grants (£80,000) will enable ORT to meet its commitments for 2018/19 to deliver socio-economic improvements and investment into the Ocean Estate area. It will comprise income from both the existing and new shops on Ben Jonson Road.
- 3.2 Secondly, the grant requested for 2019 – 2022 (£809,000), will formalise funding arrangements for ORT that have long been envisaged, including some £528,000 income from the council's new shop units on Ben Jonson Rd to supplement ORT's only other income stream of residential ground rents committed by the council's regeneration partners in the area (L&Q and Bellway): this Council grant will enable ORT to continue its valued programme of community projects for the next 3 years.
- 3.3 Thirdly, the continued provision as grant during 2019 – 2022 of rental income from the existing shops (£281,000) will help underwrite the estimated costs and associated risks

for ORT in agreeing to take on a lease of the Community Centre, in order to manage and develop it with greater focus for the needs of the local community.

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

4. ALTERNATIVE OPTIONS

- 4.1 The decisions requested will direct Council revenue (from specific local retail units) as grants to a third party community organisation operating in the Ocean area to provide charitable regeneration legacy funding to the local community. ORT’s operations fulfil commitments made by the Council to central government when it obtained NDC funding for the regeneration.
- 4.2 The principle of supporting ORT through this type of grant represents the council’s contribution to legacy funding for the area, alongside an ongoing contractual contribution made year on year by the council’s regeneration partners in the area, L&Q and Bellway.
- 4.3 ORT is well-established and has committed to funding specific community projects in the current financial year. A failure to provide the proposed grant for 2018/19 as set out in Recommendation 2.1.1 would leave the organisation in financial difficulty and render it unable to retain a prudent reserve or to plan to provide ongoing support to the projects which depend on it in 2019/20. The diverse projects would be jeopardised in Quarter 4 negatively impacting on their beneficiaries. There is no reasonable alternative other than for the Council to provide this grant.
- 4.4 In terms of the grant requested in Recommendation 2.1.2 which will both support ORT’s activities and enable it to enter into a lease to manage Harford Community

Centre by underwriting the anticipated operational deficit, the alternative would be for the Council to not enter into the lease for the premises with ORT.

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

5. OCEAN REGENERATION TRUST (ORT)

- 5.1 ORT was set up in 2008 as a regeneration legacy charity, fulfilling an Ocean NDC commitment. The Council is represented on its Board, which officers also attend, along with local residents, independent members and L&Q as the Council's regeneration partner and a major landlord in the area.
- 5.2 ORT's primary role is to support projects furthering socio-economic benefits for residents of the former Ocean NDC area. It has been delivering these core activities in line with the council's NDC Succession Strategy and has become a key stakeholder in the community.
- 5.3 In 2016 the Ocean and Limehouse Community Review identified a need for greater community capacity and involvement to address gaps in services and provide better integration and stronger governance, and a key role for ORT. Concerns included -
 - Persistent low employment levels, particularly for women and some ethnic minorities;
 - High levels of child poverty and the impact of welfare benefit changes on an already deprived community;
 - Local people priced out by spiralling housing prices and the danger of a polarised community;
 - Low levels of health and life expectancy;
 - Growth and development impacting on local infrastructure and services;
 - The need to be vigilant and tackle the potential for radicalisation and extremism; and
 - The impacts of austerity and public sector cuts.

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

5.5 ORT Funding

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

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

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

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

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

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

5.9 This report seeks to transition the main grant funding to support ORT's core community activities from the existing shop units on the south side of Ben Jonson Rd, to the new retail units on the north side as always envisaged. In 2018/19 the new income source will comprise c. £36,000 of the requested £80,000 grant. From 2019-2022 some £528,000 of this new Council income needs to flow as grant to ORT, to fund both its core activities and contribute to the running of the Centre.

5.10 Since it acquired the Harford Community Centre the Council has in practice continued to utilise revenue from the existing Ben Jonson Rd (south) shops to meet an operational deficit of c.£95,000 per year (after income to the Centre is taken into account) to fund in-house management of the premises. If ORT is to take on management of the Centre for the next 3 years it will need to receive a similar amount of revenue from the existing shops (c. £281,000 in total), via grant, to cover a comparable deficit over the period. This is explained below. A further contingency provision maybe required if ORT does not receive the anticipated 80% community rent discount, as in this scenario the Council will require a stepped rent to be paid which would cost c. £61,000 more than the discounted rent over the lease period.

5.11 ORT's main delivery partnership is with City Gateway, who is based on the first floor of the Multicentre (Stepney Life) and working closely with the Trust on a programme

of specialist womens' services. This has embedded the Trust further into the identity of the centre.

5.12 ORT's Core Activities

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

5.13 The approved Succession Plan set out that ORT would get the ground rents from the new homes; could take a lease of the new community facilities and manage the community space; and have a right to sub-let and receive income from these and from the retail / commercial units on both the south and north side of Ben Jonson Road. This provision meant ORT was well placed to manage the community aspects of the Harford Street premises, and to maintain a strategic view of community needs and existing resources.

5.14 Since November 2011 ORT has established strong links in the community. The Trust has an annual community grant fund of c. £50k to which organisations can apply for up to £5,000 for single projects or £10,000 for projects delivered in partnership with other organisations in the area. Examples of local organisations who have received grants are Tower Hamlets Hockey Club, Lower Regents Coalition and projects to benefit older and younger people. The projects come under themes including:

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

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

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

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

- Tower Project who run the Ocean View café on the ground floor of the Centre.
- Streets of Growth: set up to address ASB on the estates and targets young people up to the age of 25. It is a partnership between the council, housing providers, police and other interested parties; it's facilitated by ORT. They have identified particular 'hotspots' in recent months such as Beaumont Square, Trafalgar Gardens and Grand Union Place and work with the police in helping to identify perpetrators of ASB. They have been successful in

getting a number of boys and young men to sign up for their in-house programme addressing life skills development, ASB awareness, career and work skills needed for positive progression.

- Universal Credit and Support - Limehouse Project has been awarded funding for a year to provide support to Ocean residents in order to understand changes with the benefits system with the introduction of the universal credit. The project will address problems that the changes to the benefits' system have caused for recipients.
- Ocean Summer Fair: a collaboration of four local TRAs and facilitated by ORT with event management support from DoLittle CIC, a local social enterprise specialising in community based events. It was held on Saturday 8th September in Shandy Park and had over 500 people attending. The focus was to encourage all members of the community to come together and join in the fun. There were food stalls, information stalls and lots of activities for children.
- Whitehorse Adventure Playground: ORT has funded Play Association Tower Hamlets (PATH) to fill a gap in activities for 8 – 12 year olds as provision for this age group in the area ceased when the adventure playground and the Arbour youth centre closed. PATH applied to ORT to staff play sessions at the Adventure Playground to address the issue. The main activity is outdoor play in all seasons, however indoor activity, such as craft making and table football is also provided.

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

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

5.19 ORT's costs and core work programme in 2018/19 includes:

- salaries / consultants / running costs £98,400;
- community grants for 16 projects and 2 networking events £48,000;
- and ORT directly funded projects £119,000.

5.20 **2019 – 2022:** in the next 3 years ORT has taken a conservative view on its core activities, partly to allow for its investment in the Centre if it takes on the management role; and partly in case the Council opts to retain some of the potential grant income from the new shops to meet its own costs if ORT cannot take on a lease of the Centre.

5.21 ORT has assumed in its business planning that its stand-alone core (i.e. non-Centre) community activities will comprise project expenditure on the themes indicated above of c. £156,000 on average per annum plus staff, consultancy and running costs of c. £97,000 per annum - equating to a total spend each year of c. £253,000 (excluding any expenditure on running the Centre).

5.22 The grant requested in this report can be broken down as follows:

- allocation of £80,000 grant to ORT for 2018/19, funded as agreed in previous years by an interim provision of revenue from the existing shops on the south side of Ben Jonson Road (Nos 38-82 even), and supplemented by revenue

from the new retail units on the north side of Ben Jonson Road (Nos 41-73 odd) which is now coming on-stream;

- allocation of £809,000 grant to ORT for the period 2019 – 2022, comprising £528,000 projected revenue from the new retail units on the north side of Ben Jonson Road and £281,000 from existing shop units on the south side of Ben Jonson Rd: this grant will support ORT's ongoing projects and core activities for this period, and specifically will enable ORT to take on a 3 year lease from the Council to manage the Harford Street Community Centre, which is explained below.
- a further provisional grant of £61,000 as a contingency should ORT not be eligible for the anticipated 80% community rent discount, as explained in the report.

6. ORT & TOWER HAMLETS STRATEGIC CONTEXT

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

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

6.3 Ocean Regeneration Trust Objectives 2018 – 2022

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

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

6.4 Tower Hamlets Strategic Plan 2018 – 21.

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

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

6.5 Tower Hamlets Community Engagement Framework 2018 – 2021