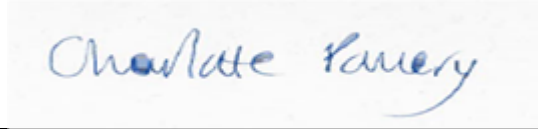




Haringey Council

Report for:	Cabinet - 14 July 2015	Item Number:	
Title:	Community Building Review: Outcome and Recommendations		
Report Authorised by:	Charlotte Pomery, Assistant Director of Commissioning – Deputy Chief Executive 		
Lead Officer:	Jennifer Layne, Community Buildings Officer – Planning, Regeneration and Development		
Ward(s) affected:	Various	Report for Key/Non Key Decisions:	Key

1. Describe the issue under consideration

- 1.1 This report sets out the overarching principles and recommendations of the Community Building Review which has been undertaken corporately.
- 1.2 As the review has been carried out, there has been work to develop the vision and strategic priorities of the draft Community Strategy which appears elsewhere on the Cabinet agenda for consultation. Both the Community Buildings Review and the Community Strategy demonstrate how we will work with communities to achieve our ambitions, by making best use of the strengths of the borough and ensuring that we build capacity and foster independence and self-reliance.
- 1.3 This report provides a strategic framework and a set of recommendations for the future of each community building within the scope of the review, consistent with the vision and principles of the Community Strategy and the decisions of Cabinet made in 2012. These decisions identified that following the in depth review of community buildings and tenancies any recommendations for change should be brought forward to Cabinet.



- 1.4 It is recommended that this strategic framework be adopted, both for the community buildings portfolio as currently defined and for any further buildings within the Council's portfolio which aim to offer community benefit and the Council identifies as buildings for the use of the community.
- 1.5 A specific review has also been undertaken of Circular Funded Rent (CFR) in the context of the December 2012 Cabinet mandate to reform this stream of funding. This report sets out the findings of the review and a recommendation for the future.

2. Cabinet Member introduction

- 2.1 Haringey is a borough of growth – and we believe that through growth we will facilitate successful places which are built on strong and successful communities that are independent, resilient and empowered to take responsibility for their own outcomes. The refreshed Corporate Plan shows how the Council will use its resources to facilitate this, with defined priorities, delivery plans and measures of success, underlining the Council's developing roles as commissioner and enabler and shifting away from direct deliverer of services that are better delivered by other sectors, including residents themselves.. The challenging financial climate means that we cannot do things in the way we have before – and there are certain things which we can no longer do at all. Importantly, the six cross-cutting themes of the Plan show how we will make this change recognising the centrality of:
 - Moving to prevention and early help
 - Tackling inequalities
 - Strengthening community capacity
 - Developing partnerships
 - Focusing on the customer
 - Achieving value for money.
- 2.2 In addition, ambitious regeneration plans for Tottenham, which will transform the social, economic and physical environment, and for Wood Green, which will create a vibrant, cosmopolitan and commercially successful Metropolitan town centre are already being developed. Building stronger communities together, we will be in a better position to deliver sustainable regeneration for the people of Haringey and ensure we can build capacity locally.
- 2.3 The original focus of the Review was to consider the portfolio of community buildings from a property and asset management perspective. During the course of the Review, we were also developing our corporate priorities, cross-cutting themes and transformation programmes in consultation with residents. It is now evident that the starting point for such a review must include the people, activities and outcomes which the use of community buildings can generate for the benefit of local residents.
- 2.4 The Community Strategy sets out how the Council will realise its dedication to working in partnership with local communities to build local capacity and to



strengthen residents and families, a key cross-cutting theme of the Corporate Plan. We will use our resources alongside those of the voluntary and community sectors, building strong alliances to tackle inequality, poor outcomes and dependency on high level statutory services maximising alternative income sources focused on identified need.

- 2.5 As such, effective asset management is an essential part of delivering better services for the people of Haringey and demonstrating good use of resources for the Council. Adopting a strategic approach based on the assets and needs of our local communities will act as a catalyst for modernisation and a positive contribution to the key programmes and aspirations of the Corporate Plan.

3. Recommendations

Members are asked:

- 3.1 To agree to adopt the strategic framework set out in Section 6 including the principles set out at paragraph 6.4 which will be applied to the community buildings under review (listed at Appendix A) and to any further buildings which the Council identifies as forming part of the community buildings portfolio to guide decisions on their future;
- 3.2 To agree the recommendations as set out at Appendix B, in relation to Section 7 and made in the context of robust assessments of buildings conditions, lease and contracts, organisational capacity perspectives together with demand for education, health or housing and/or other regeneration needs of the borough;
- 3.3 To agree the further recommendations as set out at Section 7 and to agree that these will be used to guide future decisions on buildings in the Community Building portfolio. This includes the agreement that where there is an overriding demand for education, health or housing, buildings will be freed up for regeneration, alternative use or disposal;
- 3.4 To agree the recommendation to move towards the implementation of a new Community Model Lease and agree a new process for assessing eligibility for rent subsidy for organisations willing to adopt the Community Model Lease as set out at paragraph 7.4, and 7.5;
- 3.5 To agree the recommendation to end the current system of Circular Funded Rent (CFR) and Peppercorn Rents and to phase out the CFR subsidy on a managed basis by March 2019 which includes approval not to implement further Peppercorn Rents upon expiry of current Peppercorn lease as set out at paragraphs 7.6 and 7.7;
- 3.6 To agree the additional recommendations to establish criteria around Asset Transfer and lease monitoring and evaluation as set out at paragraphs 7.9, 7.10 and 7.11;



- 3.7 To agree that the authority to work with individual organisations to effect the recommendations at Section 7 is delegated to the Director of Planning, Regeneration and Development following consultation with the Lead Members of Housing and Regeneration and Health and Wellbeing and the Section 151 Officer;
- 3.8 To note the Equalities Impact Assessment at Appendix C and agree that individual Equalities Impact Assessments will be undertaken as appropriate.

4. Alternative options considered

- 4.1 Following the initial Community Building Review recommendations from the 2012 review, an interdepartmental Community Building Working Group considered a range of alternative options for each building in terms of proposals for the short to medium term and a strategy for each asset – likely to be in terms of retain, improve/invest or dispose/alternative use. All alternative options were considered against key criteria which took account of regeneration programmes and priorities under the current Corporate Plan including education and housing.
- 4.2 A ‘do nothing’ scenario was considered. However this approach was rejected as an option. As alluded to in the Cabinet Member introduction, effective, proactive asset management is essential in order to maximise on the Council’s investments in order to support and underpin corporate priorities, particularly in terms of our ambitions for health, wellbeing and social and economic regeneration.
- 4.3 Alternative options were also considered in relation to Circular Funded Rent. A ‘do nothing’ option was considered in which Circular Funded Rent (CFR) would continue to be paid to the limited number of organisations currently receiving it on an ongoing basis. This was rejected on the grounds of equity and transparency. A second option was to cease CFR with a period of notice and expect organisations to pay a market rent. This was considered to be likely to lead to significant instability in the sector given the additional financial costs to which organisations would become subject. The third and preferred option was to cease CFR in a phased way and to move towards payment of an agreed market rent over a period of 2 -3 years.

5. Background information

- 5.1 In 2012, Haringey Council agreed to review and refocus its community buildings portfolio in order to make better use of the portfolio, improve the quality of the buildings and make them more widely accessible to Haringey’s diverse voluntary and community sector by aligning usage to community needs and Council priorities. This review was to include a review of Circular Funded Rent. The findings from the 2012 Cabinet report on the first phase of the Community Building Review is attached at Appendix D.
- 5.2 A detailed review has since been undertaken of each building forming the scope of the community building portfolio, using qualitative and quantitative criteria and



involving an interdepartmental Community Building Working Group to consider a range of alternative options for each building. These options gave consideration of corporate priorities and future regeneration plans in order to determine proposals for the short to medium term and a strategy for each asset – likely to be in terms of retain, improve/invest or dispose/alternative use. Implementation of these options will be guided by the recommendations set out in Section 7 of this report.

5.3 The Council has now published its Corporate Plan, Building a Stronger Haringey Together 2015 - 18, which sets out the Council's key priorities over the next three years. Importantly, the Council has reaffirmed its commitment to working together with communities to achieve the outcomes of the Corporate Plan, which focus on:

- Increase community participation by providing opportunities to connect people to their communities
- Deliver open and customer-led services that enable residents to participate in their design and delivery
- Increase independence and self-reliance within communities
- Facilitate positive community conversations enabling residents to make socially responsible and sustainable choices
- Become an engaging, collaborative organisation that creates the culture where communities are confident to lead positive change and have a 'can do' approach to problem solving

5.4 In addition, work has been underway to develop a Community Strategy which provides emphasis and co-ordination to these principles and to the considerable activity with communities. It stresses the importance of the Council working with communities in ways which facilitate resilience, capacity and ownership.

6. The Community Building Review – strategic framework and principles

6.1 This Review represents a significant opportunity to ensure that the community buildings portfolio best meets the needs of local communities in Haringey for a considerable period to come. We recognise that the portfolio has grown in response to demands and changes in the local population and we are keen that it continues to act as an enabler of community strength and capacity in light of Haringey's growth, national and local policy and the current challenging financial climate. We acknowledge that the proposals arising from the Review will lead to some uncertainty but have sought to ensure that it has operated within a set of clear strategic principles and has adopted a set of strategic recommendations which reflect wider ambitions for Haringey.

6.2 It should be recognised that there are many factors to consider when forming an overall strategy for the future use of community buildings. For example, it was found that there were potentially conflicting features where some buildings represented a strong opportunity for regeneration leading to housing, for example, but also demonstrated that they accommodated successful organisations providing good quality, needed services in the locality. In determining the final recommendations,



Haringey Council

consideration was given to a more holistic approach of balancing strategic portfolio utilisation and savings against the backdrop of Corporate Plan ambitions, in particular relation to Priority Two: Empower all adults to live healthy, long and fulfilling lives.

- 6.3 It should also be acknowledged that the portfolio will be subject to constant change as community organisations change and develop, potentially vacating properties, and where new/emerging community needs are identified and require community space for service provision. In addition, some buildings come to the natural end of their shelf life and would require such significant investment they would not prove viable for future use. Therefore, it is acknowledged that the Community Building portfolio will remain dynamic for the foreseeable future.
- 6.4 In light of the above, the Review sought to take a strategic approach which fully recognises the complex environment in which we are operating, previous decisions of Cabinet, the recent approval of the Corporate Plan and the relative prioritisation of potentially competing priorities. This led to the following strategic framework principles being recommended for adoption:
- a. Haringey will work with communities to achieve their ambitions, by making best use of the strengths of the borough and ensuring that we build capacity and foster independence and self-reliance;
 - b. Community buildings are a valuable asset for local communities, both neighbourhoods and communities of interest;
 - c. Effective, consistent and equitable use of community assets can drive greater social value and community benefits and will better meet the changing needs of Haringey. We aim for better utilisation of properties including sharing of space between organisations to ensure community assets are widely used, developed and maintained;
 - d. The Council will consider alternative forms of freehold ownership only where social value and community benefits can be demonstrated;
 - e. Regeneration and potential changes of use which meet the demand for housing, education or health are paramount. Therefore, where there is an overriding demand for education, health or housing, buildings will be freed up for regeneration, alternative use or disposal; and that
 - f. These strategic principles will apply to all buildings designated as community buildings by the Council.



7. Community Buildings Review – key recommendations

7.1 Following a robust assessment process, individual strategies for each building have been recommended. These have been determined by the outcomes from a cross-Council assessment process. The proposed recommendations for each building are summarised at Appendix B. The recommendations are listed in order of:

- Retain
- Retain – improve/invest
- Dispose/alternative use

7.2 The recommendations are made in the context of the strategic framework and principles set out at Section 6. Where buildings are considered for disposal or alternative use this is where there is an overriding opportunity for greater utilisation with greater impact for Haringey residents, for example, through regeneration and change of use. Where buildings are considered for retention we recognise there is significant scope in some cases for opportunities to increase and improve utilisation by sharing assets between organisations or greater efficiency of management approaches.

7.1 During the course of the review, key recommendations have also been formulated to be applied across the community building portfolio to underpin and complement the strategic principles. These are as follows:

New Community Model Lease

7.2 It is recommended that there is a proactive move towards adoption of a Community Model Lease of no more than 5 years fixed term outside the security of tenure provisions of the Landlord and Tenant Act 1954. Any exception must be supported by a robust rationale in which long term benefits to the wider community can be demonstrated.

7.3 It is recommended that the application of the Community Model Lease is as follows:

- A standard commercial market rent is payable on all the community building leases. However, a reduced rent will be considered for Tenants in community buildings under the following provisions:-
 - Upon lease expiry, any Tenant wishing to benefit from a 'Reduced Rent' would need to adopt the new Community Model Lease Terms (attached at Appendix E). Alternatively, tenants can sign up to the commercial lease terms at a commercial market rent;
 - Scheduled rent reviews (where provision has been accorded within a lease) will be undertaken as per terms of the existing lease. At this point, the commercial rate will apply. However, at this point the Tenant will be offered the opportunity to surrender their existing lease and adopt the new Community Model Lease terms;



- If a Tenant opts to adopt the new Model Lease, the Tenant's 'Community Benefit' will be assessed by the Council at the point of granting a new lease. This will determine the amount by which the rent applicable under the new Community Model Lease will differ from the rent applicable under the standard commercial lease.

Eligibility for a reduced rent subsidy

7.4 In order to implement a fair system, it is recommended that a set of criteria will be established against which organisations in Council community buildings will be assessed for their eligibility for a reduced rent. These criteria are yet to be finalised but will be in line with the Social Value checklist (attached as Appendix F) developed for Haringey in light of the Social Value Act. They would include for example:

- Role and purpose of the organisation and nature of services delivered;
- Evidence of reach of organisation within the Haringey community;
- Demonstrable social benefit of the organisation within the Haringey community to include impact across at least one of the following domains:-
 - Equity and social inclusion;
 - Building strong communities;
 - Early help and prevention;
 - Local employment;
 - Healthy life expectancy; and
 - Sustainable environment.

7.5 It is recommended that the subsidy is a standard flat rate of 40% of the annual rent applicable under the standard commercial lease for any organisation.

Cessation of Circular Funded Rent and Peppercorn Rent

7.6 It is recommended that Circular Funded Rent and Peppercorn Rent is phased out in a managed way in light of the move to Community Model Leases.

7.7 It is recommended that the application of a phased out process is as follows:

- Tenants are notified that the Council will reduce its Circular Funded Rent (CFR) subsidy over a period of two years, starting from April 2017, so that by April 2019 the CFR subsidy no longer applies;
- The CFR subsidy will reduce to 60% of the agreed rent in 2017/2018, 40% of the agreed rent in 2018/2019 and nil subsidy thereafter;
- Tenants on a Peppercorn rent will be notified that the Council will no longer continue with peppercorn arrangements upon the expiry of their existing lease;



Haringey Council

- During the period of transition to the new rent arrangements, organisations affected work with the Council through Corporate Property Services and Commissioning to agree a move to the new Community Model Lease. If a Tenant opts to adopt the new Model Lease, the Tenant's 'Community Benefit' will be assessed at the point of granting a new lease. This will determine the amount by which the rent applicable under the new Community Model Lease will differ from the rent applicable under the standard commercial lease;
- Where organisations agree to move to a Community Model Lease, the timing and process for transition to the new arrangements will be agreed with the Council.

7.8 The following recommendations will also guide future decisions and management of the Community Building Portfolio:

Community Asset Transfer

7.9 It is recommended that criteria are developed for circumstances where community buildings will be available for asset transfer and entrusted to organisations to lead and develop;

Monitoring and evaluation

7.10 It is recommended that Community Building tenancies are periodically monitored and reviewed to ensure that appropriate building use occurs in line with lease provisions, that usage remains relevant to existing/changing community needs and to prevent any commercialisation or profit making gains from subletting.

7.11 These recommendations are made in the context of the strategic framework set out above at Section 6. Where buildings are considered for disposal or alternative use this is where there is an overriding opportunity for greater utilisation with greater impact for Haringey residents, for example, through regeneration and change of use. Where buildings are considered for retention we recognise there is significant scope in some cases for opportunities to increase and improve utilisation by sharing assets between organisations or greater efficiency of management approaches.

8. Comments of the Chief Finance Officer and financial implications

8.1 The total economic cost of the Council's current voluntary sector commissioning programme includes the direct costs of commissions, project funding and innovation funding, plus the subsidies provided to those groups occupying commercial and other building assets at less than market rents. The total cost therefore breaks down as follows:

8.2 The Council has approved a budget which requires cashable savings of £1.4m to be made from the voluntary sector commissioning team. The proposals in this report will make savings from ending the current system of circular rents, but will also incur new costs by making limited subsidies available to a wider group of



Haringey Council

applicants based on a new assessment under the Community Model Lease proposals. The net effect of these proposals will be a saving of £200k.

- 8.3 In terms of future administration and transparency in setting out future costs, it is recommended that full commercial rent is charged as part of the Community Model Lease, and a separate agreement for subsidy is agreed as part of the 5 year term, and reviewed every 5 years in future.

9. Comments of the Assistant Director of Corporate Governance and legal implications

- 9.1 Under Section 123 of the Local Government Act 1972 the Council may dispose of land held in any manner it wishes provided that the consideration received is the best that can be reasonably obtained. The requirement for best consideration does not apply to the grant of short term leases i.e. leases not exceeding 7 years and therefore would not apply to the proposed Community Model Lease for a 5 year term

- 9.2 The Community Building review in each case will need to consider whether the lease is within the Landlord and Tenant Act 1954 as those tenants will have security of tenure and the right to a new lease on similar terms unless the Council can oppose the renewal on statutory grounds. It is noted that the Community Model Lease will be outside of security of tenure provisions.

- 9.3 Where redevelopment is possible it should be noted that compensation may be payable to the tenant for disturbance if the tenancy is determined.

- 9.4 There are no further comments on this report at this stage.

10. Equalities and Community Cohesion Comments

- 10.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not; and to
- foster good relations between people who share those characteristics and people who do not.

- 10.2 An Equality Impact Assessment accompanies this report. Appendix A lists the known current usage of Community Buildings in Haringey. It shows that many of



Haringey Council

the buildings are currently being used by groups with protected characteristics under the Equalities Act 2010, including race and ethnicity, sex, religion, disability and age.

- 10.3 The report identifies 8 community buildings to be freed for alternative development options because of an overriding demand for education, health or housing in the area. Before any alternative option proceeds, we will undertake further individual EqlAs on how the alternative use of that specific community building site would affect those with protected characteristics under the Equality Act 2010.
- 10.4 Where community organisations need to relocate for regeneration reasons, the Council will provide assistance with identifying alternative accommodation. The Council is committed to working with organisations through an agreed process to ensure that any alternative buildings identified will adequately meet their needs.

11. Head of Procurement Comments

- 11.1 As there is currently no procurement exercise, the Central Procurement Unit (CPU) notes the recommendations in this report. However CPU will need to be consulted if any procurements or further initiatives arise.

12. Policy Implication

- 12.1 **Corporate Plan, *Building a Stronger Haringey Together 2015-18***:- The proposals set out in the report confirm a new approach to the management of the community buildings portfolio by the Council and addressing corporate ambitions in particular relation to Priority Two: *Empower all adults to live healthy, long and fulfilling lives*.
- 12.2 **Community Strategy, *Working Together with Communities***:- The proposals set out in the report are in line with the strategic objectives of the Community Strategy.
- 12.3 **Corporate Asset Management Plan**:- The proposed approach is also consistent with the principles of the Corporate Asset Management Plan (AMP) currently being refreshed. The refreshed AMP will focus on delivering better services for the people of Haringey by demonstrating good use of resources for the Council.
- 12.4 **Localism Act 2011 – Community Rights to Bid and Challenge**:- The proposals set out in the report could be affected by The Localism Bill which came into force in September 2012. The Bill aims to shift power from central government into the hands of individuals, communities and councils. The Bill includes new rights for local communities, including the Community Right to Bid and the Community Right to Challenge. Important local amenities and buildings such as community halls can be nominated for listing by the local authority as assets of value. If listed assets come up for sale, communities will have extra time to prepare a bid to take them over. The Community Right to Bid could have a fundamental impact on any proposals that identify buildings/sites for disposal or redevelopment.



12.5 **Community Asset Transfer:-** The proposed approach in the report would support Community Asset Transfer, which is related to, but not part of, the Localism Act 2011. Community Asset Transfer is the change in management and/or ownership of land or buildings from public bodies to communities (community and voluntary sector groups, community enterprises and social enterprises etc)

13. Reasons for Decision

13.1 The proposed individual recommendations for each building in Section 7 Table 1 follow a rigorous and comprehensive assessment process and provide the Council with the best considered option in each case.

13.2 The recommendation for the adoption of the proposed strategic framework and guiding principles will ensure that the Council opts for the best considered option with regard to the use of the community buildings currently defined and those for the use of the community in the future.

13.3 The recommendation to cease Circular Funded Rent, moving proactively to the implementation of a Community Model Lease with the availability of a limited subsidy for a wider group of applicants contributes to the Commissioning Team budgetary target of £1.4m cashable savings.

14. Use of Appendices

Appendix A – Community Building Review list of organisations in scope

Appendix B – Table of Final Recommendations

Appendix C – EqIA

Appendix D – Community Building Review Cabinet Report 2012 which can be found at

<http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CIId=118&MIId=6015&Ver=4>

Appendix E – Community Model Lease example

Appendix F – Social Value Checklist

15. Local Government (Access to Information) Act 1985

N/A