

CABINET

25 June 2013

Title: Establishing a Furniture Bank and Providing Accommodation for the Territorial Army	
Report of the Cabinet Members for Crime, Justice and Communities, Housing and Regeneration	
Open Report	For Decision
Wards Affected: Mayesbrook and Village	Key Decision: Yes
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Summary: There are a number of redundant Council properties which Members have requested be put into community use. This report sets out proposals to use two of these sites for a furniture bank and a centre for the Territorial Army. Members have requested that the Council looks into the possibility of setting up a furniture bank in the Borough. Current government policies and welfare reforms have reduced the income of families and their ability to spend money on larger furniture items which tend to be more costly. Setting up a furniture bank and supplying discounted or free furniture to residents on lower incomes could reduce pressure on household budgets. Furniture gathered from Council tenants vacating properties could be used to stock this, among other sources. This report sets out the demand for a furniture bank in the Borough and the amount of furniture gathered by clearances, as well as the operational costs and procedures for running a furniture bank. There is potential to work with local Third Sector organisations to support an existing Furniture Bank or start a new one. This would transfer the operation of the furniture bank to the organisation, while the Council could provide furniture as part of a partnership agreement. This could allow the Council to meet residents' needs by securing a discounted rate for Council tenants, while minimising the operational risk and cost of running the business. Local Third Sector organisation DABD wish to establish a furniture bank in the Borough and have agreed to work in partnership with the Council provided that the Council can provide premises. The Territorial Army currently do not have premises in the borough and are keen to establish a base here. Consequently they have expressed an interest in the Rectory	

Library site. This would provide a centre for the Territorial Army to operate in the Borough and enable them to provide training and skills to local residents thus improving residents' employment prospects.

This report therefore recommends that these premises are leased to the above organisations.

Recommendation(s)

Members are asked to:

- 1) Delegate authority to the Corporate Director of Adult and Community Services to establish a partnership with DABD to set up a furniture bank; and
- 2) Delegate authority to the Chief Executive, in consultation with the Divisional Director of Finance and the Head of Legal and Democratic Services, to agree terms, legal and contractual arrangements for:
 - i. Woodward Road Library for a furniture bank; and
 - ii. Rectory Library for a Territorial Army Centre.

Reason(s)

The Council is committed to supporting its residents in tough times. Furthermore the Council is committed to helping all people, including those with learning disabilities, into employment. This proposal will support both of these objectives. This proposal also presents an opportunity for the Council to work in partnership with the Third Sector to benefit our local community.

The Territorial Army provides local people with training, skills and confidence, and would create opportunities for residents, as well as supporting the Council's Military Services Covenant.

1. Introduction

- 1.1 The Council currently has a number of empty buildings which could be used by Third Sector organisations or community groups. Interest has been expressed in using vacant Council premises for both a furniture bank and a Territorial Army Centre. This report therefore outlines proposals for both of these and the potential Council sites that could be used for each proposal.
- 1.2 This report sets out the community benefits of both a furniture bank and a centre for the Territorial Army, the proposal to provide these facilities, and potential sites the Council could provide for each proposal.

2. Furniture Bank

Demand for Furniture

- 2.1 Work with the Local Emergency Support Scheme (LESS) has indicated a need for a source of affordable furniture for the Borough's residents. As welfare reforms and

Council savings proposals impact it is anticipated that the demand for affordable furniture may rise even higher.

- 2.2 The localisation of the Social Fund from April 2013 abolished Community Care Grants. The grants, awarded by the Department of Work and Pensions, were often used to furnish homes for people leaving long-term institutions or being re-settled into a new home. In 2011-12, 2,420 applications were received in the Borough, and 850 applications worth a total of £599,100 were approved although these were not all for furniture. The Local Emergency Support Service, which replaced the Social Fund from April 2013, has less money available to award, therefore limiting the opportunities for furniture assistance grants.
- 2.3 In May 2013 there were 40 successful applications to the LESS for furniture, largely from residents entering unfurnished properties. These applications have received a total of £23,240, averaging £581 per grant award. This level of demand over 12 months would take £278,880 of the LESS £766,521 annual funding for grants.
- 2.4 The Council's Housing Advice Service requires a significant amount of furniture for people moving in to temporary accommodation, as temporary accommodation is usually unfurnished (in many of the properties only a cooker is supplied). Further, as temporary accommodation is often provided in an emergency, customers have to wait several weeks with little furniture whilst their applications are processed. The same applies to people moving into permanent accommodation, some of whom are moving from temporary accommodation. The Housing Advice Service currently refers service users to the LESS and assists them with completing the funding application. If the application is successful, the LESS either provide money to purchase furniture, or cashless cards so that the user can buy furniture from major retailers at a reduced rate, which is then charged to the LESS.
- 2.5 A furniture bank operated in partnership with the Council where the Housing Advice Service could refer service users would enable a cheaper and quicker supply of furniture to be provided, releasing pressure on LESS funding. It would be possible to provide a referral document outlining a person's requirements and entitlement, which could be taken to the furniture bank to identify items which would match the need.
- 2.6 There are currently three options available to residents who require furniture:
 - to purchase it through retail, which has a higher cost which some people on low incomes cannot afford, or are forced to use expensive credit to spread the cost;
 - apply to the LESS for furniture which can supply furniture from retailers using money from the Council's allocated fund; or
 - use a local furniture bank.

Furniture Banks

- 2.7 Furniture banks are generally charitable organisations which gather items for the home, usually in good condition or able to be repaired or recycled, and give them free or sell them at very low prices to buyers who are on a low income or receiving benefits. Some furniture banks offer a two tier pricing system allowing people who are financially better off to purchase recycled furniture thus increasing the amount of money that can be generated. Furniture banks will often train or provide

employment for people in repairing and refurbishing items of furniture and/or white goods.

- 2.8 Three furniture banks already operate in or serve the Borough. All have received high demand for furniture without significant levels of advertising, and it is expected that if their services were more widely known then these requests would significantly increase. The existing furniture banks which serve the Borough are:
- **Homestore** (formerly the Quaker Social Action) which operates in seven East London Boroughs including Barking and Dagenham. Islington and Hackney have both commissioned Homestore to collect furniture and work in partnership to reduce the cost to the Local Authority in operating a furniture bank. This demonstrates the success which Local Authorities can have by working in partnership with local charities to operate these facilities;
 - **The Volunteer Bureau** re-launched their furniture bank in March 2012 following the end of a previous similar venture. This is a new venture, and it is predicted that as the operation develops it will become self-funding, demonstrating that Third Sector organisations can run furniture banks on a financially sustainable basis; and
 - **The Salvation Army**, which does not formally run a furniture project in the Borough but their operations in Romford and Walthamstow are accessible to Barking and Dagenham residents. They report very high demand for furniture, especially from new residents with limited resources.

Operation of Furniture Bank

- 2.9 There are many operational issues which would need to be considered for a furniture bank. These would include: staffing, premises costs, safety testing and repairs, transport of goods and insurance.
- 2.10 The premises required for a furniture bank would be a warehouse style space along with a public area/storefront for customers to view stock. Staff accommodation including an office, toilet and kitchen would also be required. The size of other furniture banks which the Lighthouse Project run has indicated the site would need approximately 5000 square feet of space. The property would require good public transport access to allow customers to get to it easily, as well as a customer car park and access for a van to deliver and collect the items.
- 2.11 There are significant health and safety and insurance implications regarding the building housing the furniture bank and the furniture distributed should it not meet relevant standards. There are a number of health and safety checks that have to be conducted on items of furniture distributed by furniture banks to ensure they comply with relevant regulations and up to standard (see Appendix 1).
- 2.12 Volunteers of a furniture bank would need to check all items for quality, and potentially restore any items which required repairs to be supplied. This would require further staff skills and time. Volunteers could receive training in this through an existing furniture bank.
- 2.13 If items were collected by the furniture bank but were of poor quality or did not meet health and safety standards, liability for disposal – including the cost – would have to be met by the operating organisation. If this were the Council, this would be at

the municipal waste cost of £117 per tonne, in addition to the cost of transporting it to the furniture bank site and onto the waste centre.

- 2.14 In terms of transport a vehicle of sufficient capacity would be needed to transport the items to the warehouse and from that premises to the store, if not located at the same venue, as well as potentially to deliver to residents. Staff would be needed to carry items to and from sites and for driving, having received training.
- 2.15 Initially, the furniture bank would need a full time volunteer staff of around eight – with four volunteers able to drive to sites to deliver and collect furniture, and remaining staff to operate the site of the furniture bank and perform administrative tasks. Should volunteers be able to work less than full time then the “shifts” would need to be split between equivalent part time volunteers.

Supply of Furniture

- 2.16 There is currently a high level of furniture clearances taking place in the Borough’s Council properties which could provide stock for a furniture bank. However, while it has not been possible to formally check what amount of furniture would be suitable for redistribution, both in terms of health and safety requirements and quality, the amount which could be recycled is expected to be low. The Voids Manager has indicated that while items which would be recyclable are available, due to the nature of clearances – which largely occur after the death of a tenant or the abandonment of a property – the items which the Voids Team clear are usually of low quality or too old to meet safety standards. However, some items of furniture which may be suitable do arise and the Voids Team would be able to provide these items to any facility which could recycle them for future use.
- 2.17 A very small amount of the furniture collected from Council property clearances is currently recycled; most of it is currently disposed of as refuse. White goods and furniture items are reused in Temporary Accommodation where possible, but there is no storage facility to hold items for long periods of time, so the storage facility presented by a furniture bank would enable more items to be reused. Current municipal waste charges are £117 per tonne of waste sent to landfill (charged by the East London Waste Authority). If furniture collected by the Council was recycled instead of sent to landfill then the Council could reduce its expenditure on disposal of the waste. The Lighthouse Project furniture bank in Brentwood recycles around 11 tonnes of furniture per year. If a similar level of recycling was achieved in Barking and Dagenham, the savings would be around £1,300 per year.
- 2.18 As the contract with contractors for clearances previously charged both staff time and disposal in one fee depending on the size of the property it is not possible to confirm the precise costs of disposal in recent years. However, the most recent annual figures of the total cost of clearing are available below:

Clearance Type	Small (1 bed property)	Medium (2 bed property)	Large (3 or more bed property)
No of clearances 2011-12	276	156	364
Total cost of disposal and labour	£44,561	£33,224	£97,525

2.19 This would put total cost for disposal and the labour in making clearances for the year 2011-12 at £175,310. The same figures for 2012-13 are not currently available. This was previously paid from Housing and Environment to an external contractor, Enterprise. The Voids Team have now been brought in-house at Barking and Dagenham from 1 May 2013, but this has not been running for long enough to gather data on the cost of disposal. The cost is paid from the Housing Repairs and Maintenance budget. Recycling collected furniture would have a significant positive environmental impact, addressing the waste hierarchy and helping to meet the targets set out in the East London Waste Authority's Joint Waste Management Strategy (adopted February 2012) which are to:

- achieve and, where possible, exceed statutory recycling and composting standards;
- recycle or compost 25% of our waste from April 2005, 30% from April 2010 and 33% from April 2015;
- divert from landfill 40% of waste from April 2007, 45% from April 2010 and 67% from April 2015; and
- reduce biodegradable municipal waste sent to landfill to below 210,000 tonnes per year from April 2009.

3. Furniture Bank Options Appraisal

3.1 The options for running a furniture bank in the Borough are:

- 1) to start up a Council run furniture bank;
- 2) to work with a Third Sector organisation to either:
 - a) expand an existing furniture bank operation; or
 - b) develop a new furniture bank with DABD.; or
- 3) do not support the establishment of another furniture bank in the Borough.

Option 1 – Council Run Furniture Bank

3.2 Members requested that Officers consider the potential for the Council to operate a furniture bank. It was suggested that this could operate by using furniture collected from Council property clearances and that this stock could be provided to tenants and borough residents on lower incomes for free or at a reduced rate releasing affordable furniture for our community.

3.3 For the Council to operate a furniture bank, staffing, premises costs, safety testing and repairs, transport of goods and insurance would all be the responsibility of the Council. This would require the Council to take on the cost of starting and operating a furniture bank, as well as using a vacant site for the use, which would give no rent to the Council. The Council would also be liable for the insurance of the building

and any claims for damages due to items provided by the furniture bank which did not meet health and safety standards.

- 3.4 A Council run furniture bank could be staffed by volunteers. A coordinator could be appointed from within the team of volunteers, and links between the Council and the team could be provided by an existing member of staff. Expenses would have to be met by the Council if using Council volunteers. The Council would need to pay reasonable travel expenses or mileage and up to £5 lunch allowance per day for volunteers, as well as providing training and protective clothing. Without knowing where potential volunteers would travel from, it would not be possible to calculate travel expenses in advance. Lunch expenses of £5 per day for eight volunteers would require a maximum of £10,000 per year. There are concerns that the Council's current networks would not attract volunteers which would be suitable for such a project.

Option 2 – Work with Third Sector

- 3.5 The Council could enter into partnership with a Third Sector organisation to set up a furniture bank. This could be agreed so that the operation of the furniture bank, including the staffing costs, health and safety checks and insurance, would be transferred to the partner organisation. The Council would be able to claim rent for any property which the Council provided to the partner organisation.
- 3.6 If a furniture bank were set up in partnership with a Third Sector organisation, the partner organisation would be responsible for managing and reimbursing volunteers.
- 3.7 This option contains two options within it: working with an existing furniture bank or working in partnership with DABD to set up a new furniture bank. These options are outlined below.

3.8 Option 2a – Working with Existing Furniture Banks

- 3.9 There are three existing furniture banks which serve residents of the Borough, as outlined in 2.8.
- 3.10 Two of these furniture banks – Homestore and the Salvation Army – operate across the wider area but are accessible to residents in the Borough. As they serve a wider community they would not be suitable for partnership.
- 3.11 The Volunteer Bureau furniture bank operates in the Borough, but is a new venture which is still developing. The Council has commissioned a number of other functions from the Volunteer Bureau in 2013/14, and it is not felt that the organisation would have the additional capacity to develop a proposal and operating furniture bank within a short timeframe.
- 3.12 The level of demand on the existing furniture banks serving the Borough is already high, and working with a new furniture bank instead of these would increase the capacity of furniture banking across the Borough, as well as creating a new site so that there was a wider geographical spread of locations which residents could reach for assistance.

Option 2b – DABD Proposal

- 3.13 Local Third Sector organisation DABD have a proposal to set up a furniture bank in Barking and Dagenham. They have identified potential funding, from the Lighthouse Project, and resources (transportation for goods) to establish the bank but this is dependent on finding a suitable site to operate from. They have agreed in principle to work in partnership with the Council to operate a furniture bank if the Council are able to provide a site and stock for the operation.
- 3.14 If a partnership with DABD were pursued, they would also collaborate with the Lighthouse Project, a furniture bank based in Brentford since 1994. The Lighthouse Project operates in several locations across Essex, and has a surplus supply of excellent quality furniture which they have offered to DABD. The DABD furniture bank would also receive additional furniture from private residents as well as items from Council property clearances.
- 3.15 The Lighthouse Project belongs to the national Furniture Re-use Network which ensures best practice and compliance with latest regulations, and is part of Essex Community of Re-use and Recycling Network (ECORRN). They have established standards to ensure that health and safety regulations are adhered to. Any furniture provided by Lighthouse Project to DABD would have the required health and safety checks performed. DABD would follow the Lighthouse Project business model by selling higher quality furniture items to residents at a more commercial price. This would then raise revenue to make the venture sustainable in the long term.
- 3.16 The Council would supply furniture from clearances to DABD for recycling and in return could receive discounted furniture for Council tenants and Housing service users. A voucher system could be operated for this. People coming to the Council with an identified need for affordable furniture, or from the Temporary Accommodation Service, could receive vouchers entitling them to a level of support from a furniture bank.
- 3.17 DABD will employ people on a local first basis, and the furniture bank would therefore create jobs for residents. DABD have indicated that 11 posts would be created in the short-term and over 30 positions in the long-term. DABD create employment and volunteering opportunities for people with physical or learning disabilities and they have committed to employing former Remploy employees in the furniture bank.
- 3.18 DABD have indicated that their proposal could also look to provide additional space to other Third Sector community organisations, dependant on the premises secured and space available. As the majority of people they seek to employ have physical disabilities, any areas above ground floor level without a lift would not be used by their staff and could be offered to other organisations. A number of local community organisations are currently seeking premises, and DABD could provide workspace which creates a hub for these organisations if it were available.
- 3.19 If the Council were to agree to enter into a partnership with DABD then the relevant contractual and legal documents would need to be prepared and agreed by all parties, including the mechanism of a voucher/reduced payment system for Council tenants and certain service users.

3.20 This is the preferred option. A partnership would enable the Council to support a community venture which would greatly benefit residents in the Borough, as well as reducing the amount of waste sent to landfill.

Option 3 - Do Not Open a Furniture Bank

3.21 The Council clearly has the option not to proceed with the development of a furniture bank. However, the need for support for residents during these tough times makes this an unattractive option. There is significant potential for the Council to provide practical assistance to local people, which this report is recommending.

Summary of Options

3.22 The options are set out in the table below:

Option considered	Advantages	Disadvantages
1. Start up a Council run furniture bank	The Council would be in complete control of the business.	The business start up costs would need to be funded by LBBDD, including staff resources. The liability for health and safety checks of all equipment would rest with the Council increasing insurance liability. In addition a site would need to be provided to run the furniture bank.
2. Start partnership with a Third Sector Organisation to operate a furniture bank	The business risk and liability would rest with the Third Sector organisation while at the same time the Council will be able to benefit from the service by supplying Council furniture from property clearances (therefore reducing the amount of waste sent to landfill, associated costs and meeting recycling targets) as well as securing affordable furniture at a discounted rate for specific service users.	As outlined for individual options within this option, below.
2a. Work with an existing furniture bank	The Council would be able to support a furniture bank which would have operational duties covered by a Third Sector organisation.	The existing furniture banks supporting the Borough do not meet growing demand. Two operate outside the Borough, and it is not felt that the other would currently have capacity to develop further.
2b. Work in partnership with DABD to set up a new furniture bank	The Council would be able to support a furniture bank which would have operational duties covered by a Third Sector organisation. The Council will retain the freehold for the site and will therefore be able to consider redevelopment opportunities in the future in relation to the capital receipt that could be secured.	The Council will be grant funding DABD in the early years of their operation to enable them to be able to afford the full market rent for their accommodation. An indicative commercial rental value for the proposed site is £15,000 per annum (for a nursery or similar use).
3. Do not open a furniture bank	No commitment required from the Council.	No support for residents in need of furniture, continued pressure on the LESS.

Implications of Choosing Option 2b: Premises for DABD Proposal

- 3.23 Remploi at Longreach Road ceased operations in Barking and Dagenham in August 2012 and the building is now vacant. DABD approached Remploi with a proposal to lease the building. The Remploi building, at 50,000 square foot, is around 10 times the size of the building that DABD require. Their bid was unsuccessful as Remploi pursued another bidder able to pay a commercial rent. This offer subsequently fell through due a change in the financial circumstances of the bidder. Following the unsuccessful bid by DABD, and the potential commercial operator withdrawing due to funding issues, subsequent discussions with DWP on the future of the Remploi site have been held. A report on future options for the Remploi site will be brought to Cabinet at a later date.
- 3.24 Since their bid for Remploi was turned down DABD have continued to look for a property at a reduced rate. They are unable to pay a commercial rent initially given the nature of their organisation and the furniture bank business model but it is expected that the facility would be self-sustaining in the medium to long-term allowing commercial rent to be paid.
- 3.25 DABD have viewed the former Rectory Library and Woodward Library sites and have expressed an interest in the latter. The building is vacant having been last used by Children's Services for family court contact. The unit is currently in D1 use class (library/non-residential institution) therefore planning permission for change of use would be required. Vehicle access to load and unload the furniture is a key consideration as the current vehicular access to the building, off Woodward Road is likely to be unsuitable for larger vehicles that would need to reverse either in or out of the site onto a relatively busy road. Alternative vehicular access for loading and unloading could be provided off Stamford Road. An existing access route is available on this part of the site but this may need to be widened to accommodate larger vehicles. The works have not been fully costed as yet but, based on similar schemes, are not expected to be significant. In addition, the corresponding doorway adjacent to the vehicular access may need to be enlarged to accommodate bulkier furniture items. The funding of any site alterations that are required will need to be determined between the Council and DABD as part of the overall final agreement but these are not likely to be significant. A report will be brought to Members in regards to the costings prior to any agreement being reached.
- 3.26 A condition survey for Woodward Library was last carried out in 2005 which identifies repairs required to the building, specifically to the roof and damp proofing. A more up to date condition survey will be undertaken as some repair work has since been carried out. DABD have also requested the removal of the partition wall in the main library space.
- 3.27 There are wider considerations that need to be taken into account in relation to the site as it is part of a larger complex of buildings including Woodward Community Hall, the Julia Engwell Health Centre and vacant Council-owned garages at the rear of the site. The entire Woodward Road site is allocated in the Local Development Framework : Site Specific Allocations Document (2010) as a redevelopment site for healthcare and housing. The entire site is in Council ownership other than the Julia Engwell Health Centre which is owned by NHS Estates. In February 2013 Cabinet considered the Eyesore Sites report which referred to the Woodward Road site and

recommended the preparation of an additional report to guide the redevelopment of the site.

- 3.28 From a regeneration perspective it is considered that Woodward Community Hall and the garages at the rear of the building provide the most scope for maximising the development potential, and therefore the value, of the site through redevelopment. The long term position of the health centre is currently unclear but it could move from the site in the future. If this were to happen this part of the site may become available for redevelopment. Woodward Library is therefore considered the most suitable option for the DABD furniture bank which does not hinder wider development potential and scope for securing a capital receipt for the remainder of the site. However it should be noted there will be an opportunity cost for Woodward Library not being part of a wider site redevelopment scheme. This has yet to be quantified.
- 3.29 As a result of the potential regeneration opportunities that this wider site offers it is recommended that any lease agreement with DABD be on an unprotected basis with adequate break clauses to meet with the Council's regeneration aspirations.
- 3.30 The Council would charge a commercial rent for the site of around £15,000 per year (this is based on a nursery or similar use deemed to be most appropriate for this type of building). DABD have indicated that they would be able to establish their operation with the following financial support from the Council:
- Year 1 guaranteed 10% of commercial rent of £15,000 = £1500 + additional grant funding up to the total value of £15,000
 - Year 2 guaranteed 50% of commercial rent = £7500 + additional grant funding up to the total value of £15,000
 - Year 3 guaranteed 100% of commercial rental value = £15,000 (subject to a rent review at this point)
- 3.31 Commercial Rent is payable in four quarters per year so the total annual rent payable would be £15,000 with the quarterly rent payable as £3,750. These rent payments will need to be made by DABD directly to the Council's General Income department on or prior to each quarter day (the four days per year that the rent becomes due). The income to the Council of £15,000 will enable the provision of an annual expenditure budget to Adult and Community Services to enable them to provide annual financial assistance to DABD for the first two years as outlined in 3.15.8 above.

4. Territorial Army Centre

Work of the Territorial Army

- 4.1 An approach has been received from the Territorial Army to establish a centre in the Borough. Supporting the Territorial Army (TA) to start operating in Barking and Dagenham would provide many advantages to the Borough. A TA centre would provide training to local residents, improving their skills which can be applied to many aspects of their lives. Not only would these skills improve the employment prospects of local residents who may require this, but the TA pay for the time which people give to the organisation. The TA also prides itself on building up the self-confidence of people who join, and this could provide much needed support to people trying to find work in the Borough. The TA's emphasis on fitness is in line with the Council's commitment to the health and wellbeing of residents.

The Territorial Army and Barking and Dagenham

- 4.2 The Council has committed to an Armed Forces Community Covenant, which emphasises the Council's support for the Armed Forces. Supporting the Territorial Army would be a clear demonstration of Barking and Dagenham's commitment to supporting the UK's Armed Forces.
- 4.3 The Territorial Army do not currently have a centre to operate from in Barking and Dagenham, and so there is no operation of the TA in the Borough. The Council can lease the TA premises to operate from which would enable them to work in the Borough with local residents.

Premises

- 4.4 The former Rectory Library has lain empty for a number of years. The Territorial Army have expressed an interest in Rectory Library which would act as their Dagenham base. The TA are expanding as part of the Government's reorganisation of the Armed Forces. Given the Council's continued liability for this empty building and the community benefits that the TA would bring in terms of offering employment and training opportunities for local residents, this report also recommends that the Rectory Library is leased to the TA at with specific lease terms to be delegated.
- 4.5 Rectory Library's current commercial rent value is estimated at around £15,000 per year (this is based on a nursery or similar use deemed to be appropriate for this type of building). If the site were awarded to the Territorial Army then it would need to be at full market rent with an annual grant subsidy for the equivalent market rent sum or alternatively on the basis of a community asset transfer. This would be decided while negotiating specific lease terms following any decision on the proposed Centre.
- 4.6 The Territorial Army have requested additional works are required to the Rectory library facility so it can meet their needs. These include a three metre high security fence around the site and an extended hardstanding area. An indicative price for this work including fees and removing the existing lower fencing would be £45,000 and officers will explore the opportunities for external funding to cover this and will bring a report back to Members in this regard.

Territorial Army: Options Appraisal

- 4.7 The Council's options are:
- to support the Territorial Army by providing a premises for them to operate from on a full market rent basis;
 - to support the Territorial Army by providing a premises for them to operate from on a full market rent basis but with a annual grant subsidy for the equivalent market rent sum;
 - to support the Territorial Army by providing a premises for them to operate from through the use of Community Asset Transfer on the basis of a full repairing and insuring lease at a peppercorn rental; or
 - to not support the Territorial Army.

- 4.8 It is recommended that the Council supports the Territorial Army by providing a site at Rectory Library for them to operate from as a Community Asset Transfer on the basis of a full repairing and insuring lease at a peppercorn rental.

5. Financial Implications

Implications completed by: Dawn Calvert, Finance Group Manager

Former Woodward Road Library

- 5.1 DABD have made a three year proposal for their occupation of the Woodward Road Library site:

	Commercial Rent (pa)	DADB contribution (pa)	Variance	DADB additional grant funding
Year 1	£15,000	£1,500	£13,500	Up to £15,000
Year 2	£15,000	£7,500	£7,500	Up to £15,000
Year 3	£15,000	£15,000	£0	Up to £15,000
Total	£45,000	£24,000	£21,000	

- 5.2 The commercial rent of the site is estimated at £15,000 per annum and DADB is proposing a contribution towards this estimation in years 1 and 2. In year 3 DADB propose to pay the full commercial rent of £15,000. This proposal from DADB will need to be treated in accordance with the Council's proposal for a policy to regularise property leasing arrangements which will be the subject of a separate report to Cabinet, later in 2013. The Council's commercial portfolio income budget will be increased by the commercial rent value of £15,000. This will enable the provision of an annual expenditure budget of £15,000 to Adult and Community Services to enable them to provide annual financial assistance to DADB from the increase in the Property Service income. The value of the budget adjustments are shown indicatively at the commercial rent level of £15,000. They will be amended when the final contribution from DADB towards the commercial rent is agreed as part of the lease negotiations.
- 5.3 The end column in the table 'DADB additional grant funding' relates to other potential sources of funding DABD have identified from the Lighthouse Project, and other potential funding streams, to establish the bank. If the option for DABD to establish a furniture bank in partnership with the Council was approved, these additional sources of grant funding would have to be considered as part of the negotiation process for both the lease and the agreed contributions from DADB towards a commercial rent.
- 5.4 A condition survey for Woodward Library was last carried out in 2005 which identified repairs required to the building. A more up to date condition survey will be required and DABD have requested the removal of the partition wall in the main library space. Once the value of works required is quantified budget provision will have to be sourced if it is agreed the Council is responsible for funding the works. To reduce the future risk to the Council of site repairs and maintenance, it is recommended the responsibility for ongoing repairs and maintenance is considered as part of the lease negotiations.
- 5.5 Vehicle access to load and unload the furniture is a key consideration and section 6.6 of this report identifies the potential issues with this site and the alterations

required. The cost of such alterations remain are yet to be quantified and budget provision would have to be identified.

- 5.6 In terms of cost efficiencies on current expenditure incurred on furniture clearance and collection, no savings are identified at this stage. The amount of furniture collected from clearances and in a suitable condition to be recycled to the furniture bank is expected to be low.

Former Rectory Library

- 5.7 The report recommends that the Council supports the Territorial Army by providing a site at Rectory Library for them to operate from as a Community Asset Transfer on the basis of a full repairing and insuring lease at a peppercorn rent. This recommendation will need to be considered alongside the Council's proposal for a policy to regularise property leasing arrangements which will be the subject of a separate report to Cabinet later in 2013.
- 5.8 The former Rectory library building has lain empty for a number of years. Any costs associated with making the site suitable for lease are not quantified and budget provision would have to be identified. To reduce the future risk to the Council of site repairs and maintenance, the report recommends the Territorial Army enter into a full repairing and insuring lease.

6. Legal Implications

Implications completed by: Jason Ofofu, Senior Lawyer

- 6.1 The report is seeking approval for the grant of a new lease of Woodward Library to DABD and a new lease of Rectory Road to the TA for a rent less than market value.
- 6.2 Section 123 Local Government Act 1972 and the Council's Land Disposal rules require land to be disposed at market value. The Council has a general power of competence under section 1 of the Localism Act, although, as always, its application of these powers must be carefully considered and appropriate to the relevant circumstances. Section 1 of the Localism Act allows the Council "to do anything that individuals generally may do". The Council could decide that the rents for the two properties do not need to be at market value since the TA and the DABD are acting for the benefit of the Council, its area or persons resident or present in the area.
- 6.3 The Council could still achieve best consideration for the letting by the DABD agreeing to pay a market rent for the property and the Council potentially providing them with financial assistance. Their lease should be a full repairing lease so that the Council do not bear the cost of repair and maintenance of the Woodward Library. The cost of maintenance and repair of the Woodward Library could be considerable if the condition survey carried out in 2005 is accurate. A new condition survey will need to be carried out.
- 6.4 The Council can grant a lease to the TA for a peppercorn rent but the lease should be a full repairing lease so that the Council do not bear the cost of repair and maintenance of Rectory Road.

- 6.5 Property Services and the Legal Practice should be consulted on the negotiation of the Heads of Terms for the proposed leases to the TA and DABD. The Divisional Director of Finance should have final approval of the Heads of Terms.
- 6.6 The Legal Practice should also be consulted on the preparation and completion of the necessary legal documentation.
- 6.7 The arrangement between the Council and DABD may be documented by way of written agreement and it will be important if this is in the form of a service contract that EU Procurement Regulations are adhered to. Legal will advise further on contract documentation once further details and instructions are received.

7. Other Implications

- 7.1 **Risk Management** – Failure to adhere to safety legislation governing the recycling of used goods to third parties would mean that the Council would become liable to pay compensation for any property damage or injury to a third party caused by or contributed to by the goods supplied to them. In the event of a death, charges for Corporate Manslaughter could be made. Also, by knowingly ignoring safety legislation this could void the Council's insurance cover and the Council would become liable for all costs from any liability claim.

The storage of furniture is high risk and will increase the fire risk to the locations mentioned. These will require a new Fire Risk Assessment to be carried out together with an inspection by the LFB Fire Officer and the Insurers Risk Control Analyst before they can be used to allow for any alterations to the building or upgrades of the Fire and Smoke alarm systems.

Because of the increased hazard rating the building Insurance Premiums for the properties mentioned will increase. There will also be additional costs incurred for insurance the furniture as a content of the building.

- 7.2 **Contractual Issues** – The Legal Implications section sets out the Council's powers in relation to this transaction. Legal Services will be fully consulted and will prepare all the necessary legal documentation.
- 7.3 **Staffing Issues** – There are no staffing implications from this report.
- 7.4 **Customer Impact** - There are substantial community benefits to be gained from these proposals, which will provide volunteering and employment opportunities for the local community, as well as support for financially vulnerable members of the community.
- 7.5 **Safeguarding Children** – The impact of a poorer socio-economic background on a child's cognitive development can be seen from birth, as outlined in the Council's Health and Wellbeing Strategy. Setting up a furniture bank to provide for the Borough's families in most need of support would form part of the Council's efforts to support families who require financial help, improving the welfare of these children and helping them to get the best possible start in life.
- 7.6 **Health Issues** – As set out in the Health and Wellbeing Strategy, people from less affluent backgrounds have fewer opportunities to lead a full life than those from higher socio-economic backgrounds, which can be seen from birth. Setting up a furniture bank to provide furniture to the most financially vulnerable would help to

increase the spending power of the most financially vulnerable families in the Borough. This report proposes ventures which would create employment and volunteering opportunities, which are positively correlated with improved physical and mental health. The Territorial Army's emphasis on physical fitness would improve the physical wellbeing of those who joined.

- 7.7 **Crime and Disorder Issues** – Empty properties are often a draw for criminals particularly in terms of vandalism and criminal damage, they are often the focus of anti-social behaviour and draw on Council and Police resources to address these issues. Both these proposals will have a positive impact in terms of use of the premises. Furthermore in difficult economic times providing low income families with affordable furniture may divert some people who are experiencing severe hardship from criminal activity in order to purchase/acquire furniture and other goods. In terms of the Territorial Army the organisation provides positive role models and activity for residents to undertake in free time and could be seen as a route through to young people making positive choices in their lives. Section 17 of the Crime and Disorder Act places a duty on the Council to work in partnership to reduce crime and disorder and these initiatives will positively impact in this regard.
- 7.8 **Property / Asset Issues** – These are set out in the report, in sections 3.7 and 4.3, and in the Financial Implications section. Financial Services will be fully consulted on any further decisions or agreements following a decision on this report.

Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1 – List of Health and Safety Checks