

THE EXECUTIVE

Tuesday, 22 July 2003

Public Reports

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* The Chair will be asked to decide whether these reports may be considered as a matter of urgency under the provisions of Section 100(4)(b) of the Local Government Act 1972 in order to progress these matters without delay.

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THE EXECUTIVE**22 JULY 2003****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY**

COMMUNITY HALL - SAVINGS PACKAGE		FOR DECISION
<p><i>This report involves a significant change in strategic policy with potential implications for staff.</i></p>		
<p><u>Summary</u></p> <p>This report seeks approval to accelerate the Community Hall Strategy that aims to pass the management and cost of running community halls to Community Associations with consequent savings of £240,000 per annum by 2005/06</p>		
<p><u>Recommendations</u></p> <p>The Executive is asked to agree:</p> <ol style="list-style-type: none"> 1. That the programme of transferring community halls to full local management and the granting of 21 year leases be accelerated to produce net savings of £240,000 from 2005/06. 2. That a one-off sum of £60,000 be made available for the legal work around leases and external support for self management, to be funded by the savings 3. That in the event that a Community Association cannot, or is unwilling to manage a hall and meet its running costs, the hall be taken over by the Council and run on a break-even basis, or closed down and disposed of. 		
<p><u>Reason</u></p> <p>The Council has approved a financial savings package for the next three years. In all a £350,000 reduction in the Community Halls budget was proposed. Subsequent proposals have been made that as much as possible of this saving be brought forward to year 1.</p>		
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1. Background

- 1.1 The Community Development/Community Hall Best Value Review recommended a three year action plan for Community Halls. The proposal was that Community Associations should be encouraged to take on the day to day costs of running their halls in exchange for a 21 year lease of the building. The Council would retain the freehold and be responsible for major repairs. There was to be a pilot of four halls in year one
- 1.2 As a result of the budget discussions for 2003/04 the Council has requested that the programme be accelerated in order to bring the maximum savings in year one rather than over three years.
- 1.3 Discussions are ongoing regarding the transfer of Halls to the Director of Leisure and Environment. A separate report will be made to The Executive regarding this issue.

2. Current Position and Change

- 2.1 Plans are already in place to implement the three year Action Plan. The Community Development team is currently working with all Community Associations to help them understand their responsibilities both for them as a group and for the future direction of the Community Halls with the aim of formulating a financial strategy and agreeing leases to enable the Community Associations to manage the halls and to be self-financing.
- 2.2 The Community Development Officers have been working with four pilot Community Associations and the two groups at Hatfield and River halls on an 18 months development plan. These activities are funded from within existing resources, save £20,000 contingency required to cover formal legal arrangements once agreement is reached with the Associations.

3. Financial Implications

- 3.1 The cost of running the community halls can be broken down as follows:

	(£000s)
Gross operational costs (including rates)	496
Depreciation & Notional Interest	223
Re-charges	<u>151</u>
	<u>870</u>

- 3.2 Currently, Community Associations are responsible for letting halls from Sundays to Fridays and retain the income from this except in relation to Age Concern. This Council is responsible for lettings on Saturdays and to certain organisations such as Age Concern for which it retains the income, currently £216,000 per annum.
- 3.3 The levels of rents charged by Community Associations vary but are not thought to be at commercial levels. In many cases the charge is not sufficient to cover the basic running costs and will therefore need to be increased. This is likely to be more significant for some Community Associations than others.

The potential savings available through the implementation of self-management are therefore:

	(£000s)
Gross operational costs	496
Less	
Loss of rental income retained by the Council	- 216
Provision for major repairs	- <u>40</u>
Net	<u>240</u>

Some reductions should also be possible on re-charges although these will only represent real savings to the Council if consequent reductions are made in the re-charging departments.

- 3.4 If there were to be no change to the present staffing and contractual arrangements for the halls, the Community Associations would need to bear these costs.
- 3.5 However, where current staff and cleaning contracts are terminated, the financial risks to the Associations are reduced by up to £200,000 if they undertake administration, caretaking and cleaning tasks themselves. This closes the gap between income and cost.
- 3.6 The table below shows the costs and savings required for two scenarios- with and without the Council's staffing arrangements. Redundancy costs could amount to £110,000, although every effort would be made to seek suitable re-deployment. Such an option is only available if a significant majority of the Community Associations are able to undertake management of the Halls. A further report will be made to The Executive on the staffing issues in due course. The staff affected are aware of these proposals.

Item	Scenario 1 Community Associations take leases with present Staffing arrangements	Scenario 2: Community Associations take leases. Council staff and cleaning contracts terminated
	£000	£000
Available savings	280	280
Less: provision for major repairs	(40)	(40)
Net annual savings	240	240
Investment required		
Community Matters	40	40
Additional staff resources		
Legal costs of leases	20	20
Potential Redundancies		110
Total Investment	60	170

3.7 The anticipated saving to be achieved year by year are as follows:

Item	Gross saving	Costs	Maximum Net saving
Scenario 1	£000		£000
2003/04	140	80	60
2004/05	280	60	220
2005/06	280	40	240
Scenario 2			
2003/04	140	80	60
2004/05	280	170	110
2005/06	280	40	240

In both scenarios, the savings achieved by 2005/06 - £240,000 - is £110,000 less than the total savings in the budget for community halls (£350,000). Steps will be taken to reduce this through reducing the pre-charges, and, possibly, disposal of the halls that cannot be run economically.

4. Property Implications

- 4.1 Advice from the Head of Property is that only five year leases can be granted at peppercorn - on the basis that the use will be restricted to Leisure, Community and Learning on a not for profit basis. However, the Community Associations are unlikely to be willing to agree to such short leases.
- 4.2 However if 21 year leases are to be provided then commercial rents will have to be charged. In order to prevent this being too onerous for the Community Associations an equivalent amount will have to be added to the grants budget to cover the total sum of commercial rents from the halls. This would result in no net change to the savings mentioned in paragraph 3.6
- 4.3 If the Council as landlord is to repair the externals/structure then this cost will need to be clearly identified in the revenue budgets. Surveys may be needed to assist with the level of budget needed. The Council does, of course, currently bear this responsibility.

5. Risk

- 5.1 There is no guarantee the Community Associations will achieve the income required to fund the operational costs of the halls because of either lack of capacity, lack of demand for the halls at an economical cost or because associations choose to disband.

These risks could be mitigated by:

- (a) Asking Community Matters, a national organisation for the development of Community Halls/Community Associations to assist the process by providing a package of training and support to our Community Associations at a cost of £40,000. This would be funded from the first year savings.

- (b) Devoting the work of all community development staff to this initiative. This would mean a considerably scaling back of all other community development activity.
- (c) Spreading the programme over two years with half the gross savings in this year and the full gross savings in 2004/05.
- (d) Taking halls into full Council control where a Community Association could not, or would not, take over full management, then seeking to operate the hall at break even cost, or closing it.

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THE EXECUTIVE**22 JULY 2003****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY AND
THE DIRECTOR OF LEISURE AND ENVIRONMENTAL SERVICES,**

AGE CONCERN ACTIVE ELDERLY CENTRES		FOR DECISION
<i>This report is submitted to the Executive for financial approvals.</i>		
<u>Summary</u>		
<p>In November 2002 The Executive agreed proposals for the re-shaping of elders' day services. From 1st April 2003 Age Concern would provide five frail elders' centres, which would be funded by Social Services. A further eight active elderly centres run by Age Concern would move to a self-funding basis by the end of 2004/05. For two interim years the Council would fund the rental of these. No budget was identified for this at the time and this report seeks approval for that spend. In addition, Age Concern are requesting an extra £12,000 for two years to part fund a development worker to help deliver the necessary changes.</p> <p>Five premises are used by Age Concern on an exclusive basis but without a formal lease. It is therefore proposed to negotiate leases for these buildings.</p>		
<u>Recommendations</u>		
The Executive is asked to agree that, given the special circumstances of this case		
<ol style="list-style-type: none"> 1. £83,060 be provided from reserves for two years to fund the rental for eight active elderly centres (total £166,120) 2. A further £24,000 be provided from reserves to part fund a development worker for two years to support the delivery of self-funding. 3. Leases be negotiated with Age Concern for Galleon Hall, Alice Martin Centre, East Barking Centre, the Park Centre and the White House. 		
<u>Reason</u>		
To assist Age Concern with the development of self-funding active elderly centres.		
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1. Background

- 1.1 On 26th November 2002 The Executive considered a report on the re-shaping of frail elders' day services. It was agreed that from 1st April 2003 five frail elders' centres were to be provided, run by Age Concern and funded by Social Services. Eight active elderly centres run by Age Concern were to move to a self-funding basis by the end of 2004/05. In the interim the Council would pay for the rental of these premises calculated at £70,000, although no budget was identified for this at the time (Minute 227, 2002/03), and indeed no provision was made for this in the 2003/04 budget setting process.
- 1.2 Further investigation has shown that the calculation of the original rental figures was wrong and should have been £83,060.
- 1.3 In order to move towards self-funding Age Concern have increased the cost of the service to elderly people from £1 to £2/£2.50 per day. All users have been consulted on this.
- 1.4 However, additional funds will need to be found if the centres are to reach their self-funding targets. Age Concern has therefore also requested that the Council consider part funding a development officer post for two years to assist in the transition to self-funding and attraction of the additional funds needed. This would be at a cost to the Council of £12,000 per year, Age Concern meeting the other half of the cost. It is felt that this proposal would significantly increase the chances that Age Concern could continue to provide these facilities once the Council support for the rent of the halls ceases.

2. Financial Implications

- 2.1 The total financial implications of the proposals are:

Hall rental	£83,060 x two years	=	£166,120
Part funded Development Worker	£12,000 x two years	=	£ 24,000
Total:			<u>£190,120</u>

- 2.2 These one-off costs, though substantial, do need to be considered against the long-term savings, which will result from the restructuring of the elders' services and the successful establishment of self-funding active elders' centres.
- 2.3 As there is no budget identified for these costs, it is proposed that they are funded from reserves.
- 2.4 It should be noted that the use of reserves to fund this proposal is in order to address a particular set of circumstances that were not fully addressed in the 2003/04 budget setting process.

3. Lease Proposals

- 3.1 Age Concern currently occupy five buildings on a sole basis but without formal leases:

Galleon Hall
Alice Martin Centre
East Barking Centre
Park Centre
White House (Central Office)

This position should be regularised

- 3.2 It is proposed that leases are negotiated with Age Concern for these buildings on terms, which allow the Council to protect its wider regeneration interests where appropriate.

Background Papers

Report to the Executive – Frail Elderly Day Services, 26th November 2002.

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THE EXECUTIVE**22 JULY 2003****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY**

BARKING TOWN CENTRE DELIVERY ARRANGEMENTS	FOR DECISION
<i>This report is of a strategic significance with important long-term policy implications.</i>	
<u>Summary</u>	
<p>As the Executive will recall, the Barking Town Centre Action Plan was agreed on 25 March 2003. This included tentative delivery arrangements and stated that discussions had just started with partners. There has been considerable progress since then, but we are now moving to a different stage and need a different form of delivery arrangement if we are to achieve the ambitious agenda we have set.</p>	
<p>The options for delivery involve:</p>	
<ol style="list-style-type: none"> 1. Staying as we are with the Council leading the regeneration 2. Establishing a new Partnership board (e.g. regeneration company) to own the strategy and to drive the agenda forward. This would involve 12 to 13 people including the Council, the London Development Agency (LDA), English Partnerships (EP), the Housing Corporation (HC), the private sector and the community. 3. Agree to Barking Town Centre being included in the East London Urban Development Corporation (UDC). The UDC would involve LBBB plus 5/6 other Councils, private sector representatives and other public sector agencies. The UDC would oversee the strategy, assemble land and ensure implementation. 	
<p>All the options would need to be supported by joint-venture arrangements involving LDA/EP/LBBB to deal with some of the larger mixed use sites particularly where there was a commercial emphasis. A special purpose arrangement such as a Housing and Regeneration Company could provide the new affordable housing and deliver the social regeneration agenda throughout the area.</p>	
<p>It would also be sensible to look at whether the informal staff team, which is working on the Town Centre, should be formalised. Regeneration arrangements in the Borough are currently being reviewed and this issue will be addressed within these new arrangements.</p>	
<p>In order to ensure adequate funding, and effective and efficient delivery it is suggested that the UDC option is supported subject to certain provisos.</p>	
<p>The board member posts for the East London UDC are due to be advertised shortly. It is suggested that the Lead Member for Regeneration apply on behalf of the Council.</p>	

Recommendation

The Executive is asked to:

1. Agree to the Barking Town Centre being included in the East London UDC subject to the Barking Town Centre Strategy being used as the basis for implementation and a strong relationship being established between the UDC team and the Council's Barking Town Centre team; and
2. Nominate the Lead Member for Regeneration to represent the Council on the UDC Board.

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1. Introduction

- 1.1 At this early stage of the implementation of the growth of London in Thames Gateway it is accepted that Barking Town Centre has potential to both accept new development (4000 new homes by 2016) and play an enhanced role as a more important town centre servicing the needs of Barking Reach (London Riverside). The political pressure for affordable homes has propelled Barking Town Centre to the top of the sub-regional list for significant development in the next 5 years because of the existing infrastructure and the commitment of both the Council and the London Development Agency. This position was confirmed by the Thames Gateway London Partnership, which endorsed the joint working in Barking as the Gateway's first town centre pilot project. English Partnerships are also keen to get involved.
- 1.2 Much good work has been done putting in place the first pieces of the jigsaw aimed at delivering the strategy. The current period of consensus in the Thames Gateway will not last. There is a finite amount of money and a long list of projects. The Olympic bid will focus scarce resources in the Lower Lea. The LDA may not be able to continue its operational commitment to Barking Town Centre. The transformation of Barking Town Centre cannot be done alone by the public sector. It is likely that the ratio of public to private investment that will be required will need to be 1:10 with most of the public sector investment occurring in the early stages.
- 1.3 Much has been achieved already but as there is a move from scoping projects to implementation, and as the competition for resources from other locations in the Gateway increases, structures will need to be adapted.
- 1.4 Discussions are taking place with a number of the public sector agencies including the London Development Agency, Government Office for London, Housing Corporation and English Partnerships on how to move forward. The Lead Member for Regeneration is also establishing a regular dialogue with the main developers and landowners operating in the area including, Urban Catalyst, Furlong Homes, Freshwharf Estate and East Thames Housing Group.

2. Should the Town Centre be included in the UDC?

- 2.1 Logically, Barking Town Centre is seen as the Town Centre for London Riverside (which will be within the UDC). If Barking Town Centre is not also included within the UDC the emphasis of the new development may be more east/west rather than towards Barking Town Centre.
- 2.2 As stated earlier in the report, there will be much competition for scarce resources, particularly with the Olympic bid, and it is considered that Barking Town Centre will find it far easier to attract public and private sector investment if it is included within the UDC.
- The Office of the Deputy Prime Minister is suggesting that the Sustainable Communities Funding for London Thames Gateway should be concentrated in the prospective UDC area.
 - The capacity of the Borough and other agencies to deliver the Barking Town Centre Strategy will be strengthened by the UDC and it will help to release any "blockages" that occur. The UDC will also be able to help influence other agencies to contribute to delivering the Barking Town Centre Strategy.
 - The UDC will have the powers and the funding to acquire critical sites, which will be difficult for the Council to undertake alone because of competing priorities.
 - Barking Town Centre offers the opportunity to get schemes off the ground quickly and the UDC will be looking for quick wins.
- 2.3 The UDC will have planning powers over development control matters, but will not wish to deal with all planning applications, rather concentrating on major schemes. The UDC board, which should include an LBB member, will decide these applications following consultation with the local authority.
- 2.4 There is also concern that the UDC will slow down the activity being undertaken while it develops a new masterplan. However, bearing in mind that the UDC will be after quick wins, it is more likely to embrace the strategy already agreed by the Council.
- 2.5 It is considered that the advantages of being part of the UDC, increasing capacity, removing blockages and securing the right resources will outweigh the disadvantages.

3. What other special purpose vehicle could drive the agenda forward?

- 3.1 The establishment of a Regeneration Board involving the Council, the London Development Agency, English Partnerships, the Government Office for London, the Housing Corporation, the private sector and the community could provide an alternative to the UDC.
- 3.2 Such a model may not be able to guarantee medium to long term funding which inclusion within the UDC should. The priorities of the non-council public sector agencies might also change over time.

4. Re-configuring Council Housing Estates

- 4.1 A key component of the whole strategy is the reconfiguration of the Council Estates surrounding the Town Centre to not only tackle the physical regeneration but also the social regeneration of the area. This element will probably need some specific arrangements like a Housing Regeneration Company, possibly along the lines of the Poplar Housing and Regeneration Company. It is suggested that further work is undertaken to establish the most effective approach to providing new affordable housing, contributing to the renovation of the existing council high-rise blocks in Barking Town Centre, and undertaking social regeneration activity to make sure the local community is properly supported and can access new opportunities.

5. Formalising Officer Structures

- 5.1 The whole Barking Town Centre Strategy involves expenditure of around £600 - £750 million over the next 10 years. It is a very complex strategy involving many different strands, different stakeholders and different funding mechanisms. Currently, there are about 4 - 5 officers working full time on it and about 7 - 8 part time. Successful implementation probably requires a team of at least 10 people managed by a senior manager. This team would have specific responsibility for implementation of the action plan, including marketing and communications, keeping all stakeholders on board, encouraging investment by the private sector and capturing and working up good ideas. In time, part of this role would be undertaken by the East London UDC, but it will increase our influence with the UDC in relation to Barking Town Centre if we can point to an established team which is delivering.
- 5.2 The structure of regeneration is currently being reviewed and the development of an effective town centre capability will be an important part of these considerations.

Consultations

The following have been consulted:

- Interim Head of Financial Services - Tony Freeman
- Interim Head of Housing Strategy - Ken Jones
- Interim Head of Development - Peter Wright
- Head of Assets and Capital Management - Jim Mack

Background Papers

- Barking Town Centre Action Plan
- Housing Regeneration Options Study

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