

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	8 June 2016
Subject:	Request for Write-Off – Community Grant
Report of:	Rachel North, Deputy Chief Executive
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	None

Executive Summary:

In April 2010 a local community run organisation, the Prior's Park Neighbourhood Project (PPNP), was successful in being awarded a capital grant of £73,646.69 from the Borough Council to convert 101-105 Queens Road, Tewkesbury into a community centre within which to deliver a range of community facilities. The property was leased, at no cost, to PPNP by Severn Vale Housing Society (SVHS) and as such the capital grant was placed as a charge against the leasehold title to safeguard the Borough Council's financial interest into the future.

Given the fundamental changes in the financial climate around public services since 2010 SVHS has been forced to rationalise its assets and to thus terminate the lease to PPNP at the end of 2015. This was done with the involvement of the PPNP and with active support to ensure the important community facilities offered at Queens Road were retained for the local community and are now delivered from PPNP's own offices within the Prior's Park neighbourhood.

SVHS has identified new leaseholders who are keen to rent the property in Queens Road and pay full rent to further support the financial viability of the Housing Society in its service to tenants; however this cannot be confirmed until the Borough Council releases the charge which has been placed on the lease. SVHS recognises the legitimacy of its obligation to repay the grant to the Borough Council and is prepared to honour this legal requirement.

However, at the time of the capital grant award, the Borough Council's grant scheme was relatively simplistic and required any recipient to repay the whole of the grant at any time in the 21 years after receipt, or such lesser sum as the Council may require. Subsequent to this a review was completed of the process to introduce a more appropriate depreciation clause to account for the length of time after the use of the capital monies and to shorten the repayment period to 10 years, and for the repayment to be on a diminishing proportion spread over the 10 years.

This report asks Executive Committee to apply the 2 above amendments to the capital grant conditions retrospectively to this charge to enable SVHS to repay a sum of £38,715.69. Without the application of these two amendments to the conditions the total repayment would be the full £73,646.69.

Recommendation:**That Executive Committee RESOLVES:**

1. to write-off a sum not exceeding £34,931, due under the legal charge by PPNP on 101-105 Queens Road Tewkesbury, conditional upon the sum of £38,715.69 being first received; and
2. subject to receipt of the sum of £38,715.69, to authorise the Borough Solicitor to release the legal charge upon 101-105 Queens Road Tewkesbury.

Reasons for Recommendation:

The application of these two rules to the repayment required amounts to write off of £34,931 and thus requires Executive Committee approval.

Resource Implications:

Any monies recouped would be a windfall receipt and be added back to the capital receipts account for further capital expenditure.

Legal Implications:

The presence of the legal charge upon the leasehold title means that the freeholder, Severn Vale Housing Society Ltd, cannot clear the lease from its freehold title without either a Court Order or the co-operation of the Council.

The original legal charge gave the Council discretion as to whether or not it reclaimed the original sum advanced under the legal charge (grant), or to accept a lesser amount. The Council has a general duty to act reasonably. The Committee may consider it reasonable to apply the current grant terms of repayment on a diminishing sliding scale over a 10 year period rather than demand the repayment of the original full sum advanced.

Risk Management Implications:

None.

Performance Management Follow-up:

None.

Environmental Implications:

None.

1.0 INTRODUCTION

- 1.1 On 23 April 2010, the Borough Council's Capital Grant programme awarded a grant of £106,356 to the Prior's Park Neighbourhood Project (PPNP) for works to 101-105 Queens Road in Tewkesbury. These works included conversion of an existing retail unit into a space suitable for community use.

1.2 Clear objectives were placed by the Borough Council on the award of the grant, and these were as follows;

The provision of, at a reasonable or no cost:

1. Community and family based information facilities available to a wide cross-section of the community.
2. Accommodation for training programmes for 16-25 year olds, skills for work courses for disadvantaged groups.
3. Facilities for meetings of a Residents' Panel.
4. Facilities for children's clubs and groups.

1.3 Only £73,646.69 of the award was utilised by the local Project to carry out the necessary alterations to the building and the 4 key outcomes were delivered to support enhanced community facilities in the neighbourhood.

1.4 As the property in question was only leased by PPNP the Borough Council, in accordance with its capital grant procedures, placed a charge for the full amount of the grant onto the lease. The Council's co-operation is required in order for Severn Vale Housing Society to be able to clear the record of the lease and the charge from the Society's freehold title.

1.5 Capital/Community Grant Conditions

1.5.1 From 2010 until 2015 a number of community focused activities were run by PPNP from the Queens Road property including;

- The Optimists: Over 55's club.
- Edible Garden and Allotments Project.
- The Play on the Park After School and Breakfast Club.
- Health Trainer.
- CAB sessions.

These activities met the Borough Council's strategic objectives set against the grant award to provide accommodation for youth training and skills development, information and support to local families and community space for resident groups and young people.

1.5.2 In 2011 the Borough Council carried out a review of the conditions applied under the community grants scheme and introduced a number of changes to the process of clawing back allocated grants.

Prior to 2011 the capital grant conditions did not allow for any tapering of the clawback over time and calculated the repayment in full of any grant for the whole 21 years subsequent to an award. Members clearly determined that these conditions were unreasonable and amended them to better account for the true cost of the works and the extent of community benefit.

In 2015 Members also agreed to reduce the term over which repayment is required and reduced the overall period from 21 to 10 years.

1.6 101-105 Queens Road

1.6.1 Work utilising the capital grant took place at these premises in 2010 and the following improvements were made to the property:

- Electrical installation.
- Painting/decorating.
- New windows and other structural improvements.
- Furniture and fittings.
- Toilet and kitchen refurbishment.
- Office equipment.

1.6.2 The grant was subject to a charge on the property which we could claw back if the property was sold/lease relinquished within 21 years.

2.0 CONCLUSION

2.1 The award of £73,646.69 for capital grant in 2010 to the PPNP has been effectively utilised to provide much needed community space to support local activities which have benefitted the lives of people living at Prior's Park in Tewkesbury. Five years after the award unforeseen circumstances have meant the property has been returned to the owner and other local community space used to maintain the effective community based work. As such a proportion of the original grant is due to be repaid to the Borough Council but, given the subsequent review of grant conditions, it is recommended that depreciation and the new length of repayment amendments are applied to this debt.

3.0 OTHER OPTIONS CONSIDERED

3.1 If we applied the 2011 amendments with regards to the sliding scale but not the reduction in term of 21 years we would be owed £61,444 and if we requested the whole amount it would be £73,646.69 or £85,547 with inflation.

3.2 Not applying the grant condition amendments, and requesting the whole amount, could legally be justified however the Borough Council has clearly recognised the need to amend the grant conditions for all new grants and, given the length of community benefits delivered over the last five years, it appears reasonable to adjust the amount due in light of subsequent changes.

4.0 CONSULTATION

4.1 As detailed.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: Community Grants – Executive Committee 2 September 2015.

Prior's Park Neighbourhood Project Community Facilities – Executive Committee 8 July 2009.

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Appendices: None.