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| Item No. 14. | Classification: Open | Date: 1 February 2022 | Meeting Name: Cabinet |
| Report title: | | Letting and Premises Strategy – Voluntary & Community Sector | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Helen Dennis, Climate Emergency and Sustainable Development | |

FOREWORD – COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR THE CLIMATE EMERGENCY AND SUSTAINABLE DEVELOPMENT AND COUNCILLOR ALICE MACDONALD, CABINET MEMBER FOR EQUALITIES, NEIGHBOURHOODS AND LEISURE

We have an incredibly vibrant and impactful Voluntary and Community Sector in Southwark who play a huge role in supporting residents in many different ways. One of the biggest challenges they face is securing the premises and spaces they need to operate effectively. Demand has increased significantly over the last 18 months linked to the impact covid has had on both the operations of the sector as well as the need within our borough. However, demand far outstrips supply which is why we are embarking on this process to ensure we have a clear, transparent and consistent process to inform how we use and allocate community spaces.

This report sets out the basis for an in-depth review of our property assets within Southwark considering existing council stock, pipeline opportunities through regeneration, as well as working with other partners to look broadly at assets across our borough.

The project will be overseen by the VCS premises board and a working group both involving community representatives to ensure that it delivers what is needed by those on the frontline. As we look tentatively to the recovery from covid we must and need to work and think differently about how we meet the needs in our borough including when it comes to how we work with our Voluntary and Community Sector. This project will play a key role in shaping the vision for how we do that in our borough.

RECOMMENDATIONS

1. To agree the commissioning of a project to define a comprehensive approach to using property assets to support the local Voluntary and Community Sector, with a clear, transparent, consistently applied process and criteria for informing the allocation and use of community spaces.

2. To note that a specification for commissioning advisors will be developed and finalised by the VCS Premises Board which includes community representatives.
3. To agree to develop interim arrangements, including the piloting of a new process to match supply of premises to prioritised demand, that fulfils the council's objectives, using a draft allocations methodology.
4. Agree the working definition of local VCS groups in scope as set out in Appendix 1.
5. Agree as part of the project to develop draft model lease terms for lettings to VCS groups, in new lettings, the regularising of unlicensed occupation, and at lease renewal.
6. Agree to prioritise, for the time being and where it is feasible to do so, lettings for uses that demonstrate a clear contribution to advancing the objectives of Southwark Stands Together, community recovery from the coronavirus pandemic, and continuing work to establish key community and cultural centres in line with Council Plan commitments and priorities.
7. To require officers to report on the project's progress in approximately six months' time.

BACKGROUND INFORMATION

8. Demand for accommodation from the Voluntary and Community Sector (VCS) has increased over the last eighteen months. The Covid-19 pandemic has drawn some community needs sharply in to focus and caused some longer standing participants in the sector to look again at how they might operate in the future. On many levels there is a renewed imperative to look at the sector's needs and the viability of models to support it.
9. In asset management terms the council does not have a portfolio of properties geared specifically to accommodating the Voluntary and Community Sector. Only the Sojourner Truth Centre, in Sumner Road, SE15 is orientated specifically towards VCS occupation.
10. Nevertheless, approximately 70 VCS groups in the borough occupy premises held in the council's commercial portfolio. The lease terms and rents on which these groups occupy is very varied, reflecting the diversity of the groups and the premises they occupy, the practice at the time the leases were granted (some date back decades), and the degree of support the group in question received according to the council's evolving priorities.
11. The use of the council's existing stock of buildings to meet the needs of the third sector is becoming progressively more problematic and costly; without necessarily aligning with the council's corporate objectives.

Property is a high cost commodity and groups seek to occupy whatever premises they can get, rather than those that genuinely suit, and are sufficiently well matched to their operating needs and capacity to run buildings safely, in an environmentally responsible way, that maximises benefit and opportunity for the whole community.

12. Part of the solution is considered to lie in the development pipeline, where a new supply of good quality accommodation is opening up in the short to medium term, with the potential to strategically improve the council's offer to the VCS in an actively managed way. This is not to overlook the potential in existing assets, including Tenant and Resident Halls, operational buildings (including the schools estate) from which the council delivers services and those of partner agencies, which may be capable of delivering more.

KEY ISSUES FOR CONSIDERATION

Opportunities in new and existing assets

13. Faced with the difficult and frequently costly challenge of deploying existing buildings to meet VCS accommodation needs, a more sustainable solution may be found in the supply of new assets beginning to emerge from Southwark's development pipeline. This refers to community space that has been required in the planning process, in the course of development in the borough.
14. Work is underway to understand how these new assets can best be utilised to support the VCS, matching accommodation against community need within an overall accommodation strategy, which also takes into account how existing premises can most effectively be used. The new buildings may provide opportunities for single operators with broad community access, a network of neighbourhood community facilities, or community hubs; or a balanced mix of all three.
15. To bring this forward three key pieces of work will be commissioned:
 - **A study of needs, spaces and use**, to identify current and anticipated demand, review the assets available to satisfy this demand, looking also at how assets are used currently;
 - **The development of a community spaces strategy** to make the best use of our buildings for the whole community. This will be informed by the first workstream, looking at how the portfolio might be shaped in response, including any investment requirements and alignment with climate strategy;
 - **An updated policy on the allocation of our community buildings**, prioritising uses that will help make Southwark fairer and reduce **disadvantage**, including a transparent rent policy and lease terms, and an allocations methodology. The methodology will be developed,

in conjunction with the other workstreams identified above, to assist the decision making process in allocating premises for VCS use.

16. In addition to looking in detail at properties within the council's remit, the study will also explore how better outcomes can be obtained from the use of buildings in partnership with VCS groups, property owners, developers and businesses; both with the council and between themselves.
17. Governance of the project will be overseen by the recently formed VCS Property Board, which will establish a representative partnership group with key commissioners and users of community spaces.

Priorities in the interim

18. There are a number of important projects already underway, to provide a range of new community centre buildings in the course of building new homes, accommodating activities that cater for emergency community need throughout the coronavirus pandemic at least until longer term arrangements can be delivered, investment in new buildings and exploring different management arrangements for some existing ones.
19. The work outlined in paragraphs 14 & 15. will take time to deliver well. It will also be necessary within the lifetime of the project to absorb and respond to the aspirations of a new Council Plan, following the May 2022 local elections.

Policy framework implications

20. In policy terms there are several points of reference to note in considering an appropriate way forward:
 - **Southwark Stands Together** cabinet report in September 2020 agreed to address the unequal investment in resources for communities we committed to: Work with resident involvement services to open up access to community spaces to a wider range of organisations.
 - **Commercial Property Asset Management Plan 2016:** requires market rents for VCS tenants, but includes the possibility of flexible lease terms
 - **Corporate Asset Management Plan 2021:** reviews the property portfolio in terms of its ability to deliver corporate objectives. Sets criteria for investment in assets.
 - **Asset Transfer Policy:** creating the possibility to transfer the management or ownership of an asset to a third party, where it is advantageous in asset terms to do so (note that this is different to registering Assets of Community Value and the Community Right to Bid).

- **Achieving Best Consideration, Best Value & avoiding State Aid situations**
- In **Community Support Alliance cabinet report** in October 2020 cabinet agreed to the following recommendations that have an impact on this work:

Recommendation 4 - Embedding services in neighbourhoods: Partners should embed access to existing service provision within neighbourhoods. This should include testing new ways of providing housing, employment, skills, money, social care and immigration support in local communities – including testing how support from established public & VCS providers can be made accessible in partnership with local community ‘anchor’ organisations rooted in each part of the borough.

Recommendation 3 – A new alliance: The council, VCS and health partners should work together to strengthen and further develop a Southwark community support alliance. This should be focused on providing social support that delivers long-term reductions in inequality, combining resources, building on the successes of the Community Hub, and founded on the vision, outcomes, principles and framework set out below.

Recommendation 12 – Supporting grassroots organisations: Community Southwark should review how capacity building support in the borough can best support the development of Southwark social/ community support alliance together with development/implementation of a formal partnership model of delivery with Voluntary and Community Sector organisations.

The VCS strategy for 2017 2022 sets out as one of its objectives to make better use of community assets to revitalise communities and create preventative places

Community, equalities (including socio-economic) and health impacts

Community impact statement

21. The recommendations in this report begin to establish a framework, within which decisions about accommodation for VCS can be brought forward in an equal and transparent way on both a strategic and individual level. The specific community impacts for each proposal will be appraised as they are brought forward.
22. Some immediate priorities have been identified, which will either deliver specific Council Plan objectives or address an urgent, emergency community need.

Equalities (including socio-economic) impact statement

23. The project will review demand and supply and explore the viability, for example of establishing a modern, fit for purpose VCS estate with a mix of accommodation geared towards creating equality of opportunity and access for all sectors of the community, including new, emerging group and those that do not wish to be burdened with the responsibilities and inflexibility of property leasing.
24. A number of the council's existing VCS occupiers have been resident in their premises for long periods of time. Premises are scarce and opportunities for new and emerging groups that may be vitally important to the borough are limited. The terms of the leases the council grants can be geared towards periodic review of the continuing community contribution of a given occupier.
25. Alongside the allocations methodology to be developed, the council will explore the use of Community Benefit Assessment Tools, used to determine a cash equivalent which may then be deducted against rents charged on a case by case basis, building in transparency, consistency and review.

Public Sector Equalities Duty & Southwark Stands Together

26. The review seeks to open up access to community spaces to a wider range of organisations and individuals, based on a clear understanding of community need including the needs of people with Protected Characteristics.
27. Comprehensive Equalities Impact Analysis will be undertaken throughout, to accompany the work and assess the key recommendations of the project as they emerge and are reported for decision.

Health impact statement

28. The recommendations in this report are the first steps towards a comprehensive review of how the council can work with the Voluntary and Community Sector, through the use of property assets. The sector directly addresses a broad wellbeing and health agenda.
29. Amongst its interim recommendations the report emphasises the importance of supporting uses that are helping to alleviate inequalities and situations created or exacerbated by the coronavirus pandemic. They are experiencing increased demand, but also growing accommodation pressures, where "meanwhile" arrangements entered into during the height of the pandemic are now coming to an end as buildings begin to reopen for their original use e.g Tenant and Resident Halls.

Climate change implications

30. The existing portfolio is dated and generally has not been upgraded in any way to begin to address the challenges of Climate Emergency. The studies now being brought forward will give full consideration to the opportunity to achieve efficiencies in environmental performance in terms of individual buildings and the overall strategy to be adopted.
31. By utilising new buildings there is a better opportunity to deliver benefits across the VCS estate. Nevertheless, given the rapid pace of change (and innovation) in this area, some degree of adaptation and retrofitting may be needed and budgets will need to be identified to deliver this.

Resource implications

32. A significant part of the councils commercial letting stock is dated, performs poorly in environmental and compliance terms, and will need investment if it is to continue in its existing use.
33. Traditionally this stock has provided a means of accommodating VCS occupiers on relatively flexible terms because other demand has been limited; particularly in the case of groups which have the capacity to attract funding to invest in their premises in return.
34. The issues in continuing on this basis are mounting. Even setting aside the question of rent, the occupier is still faced meeting all the other costs of running their own premises. Buildings are more costly and more complex to run than ever before; to maintain the property and keep it safe for service users and other visitors.
35. New premises could help to alleviate a number of these concerns, although careful consideration will need to be given to revenue and investment implications in assessing these new properties and, for example, the extent to which the premises is fitted out and ready for use and potential operating costs, such as establishing a management infrastructure to run a hub or network (or finding the expertise elsewhere to do so).

Legal implications

36. There are no immediate legal implications at this stage. These will be fully reviewed in the course of reporting the findings from the studies referred to in paragraph 14.

Financial implications

37. There are no immediate financial implications at this stage. These will be fully reviewed in the course of reporting the findings from the studies referred to in paragraph 14.

38. It should be noted that a number of buildings that currently accommodate VCS occupiers are held in the Housing Revenue Account. The impact of proposals brought forward will also be considered in terms of incomes obtained, and which contribute to this important finding stream.
39. Finally, a number of existing tenants are in significant rent arrears. In the coming months we will bring forward recommendations for the treatment of rent debt and will consider the response to debt in VCS also.

Consultation

40. Consultation will be an essential requirement in the development of the new strategy and a consultation plan will be developed in conjunction with the appointed advisors.
41. The council, its officers, members and advisors will seek to fully engage across Southwark's Voluntary & Community Sector, at all key stages of the project, to ensure that the community has a say in the process going forward.
42. The composition of the Voluntary and Community Sector Property Board is under review and will remain so, to ensure it is representative of local VCS interests and remains relevant to the project outlined in this report and beyond. A Working Group will also be formed to help move the project forward.
43. An initial discussion about the proposals was held as part of the Voluntary and Community Sector Liaison Meeting on 16th December and will be a recurrent agenda item going forward, as the project described in this report progresses.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

44. The report notes that there are no immediate legal implications arising at this stage, and that the legal implications will be fully reviewed in the course of reporting the findings from studies to be carried out.
45. The report also notes that there will be various policy implications, which have a legal basis, such as the duty of the council to obtain best consideration when disposing of properties (s123 Local Government Act 1972), the public sector equality duty contained in the Equality Act 2010 and State Aid rules.
46. Further legal advice will be given as the proposals envisaged by this report develop.

Strategic Director of Finance and Governance

47. This report is requesting cabinet to agree to a number of recommendations relating to the Lettings and Premises Strategy for the Voluntary and Community Sector, details of which are contained within the main body of the report.
48. The Strategic Director of Finance and Governance notes that there are no immediate financial implications at this stage and proposals emerging from the recommendations will be subject to further reports, identifying the revenue and capital investment implications for formal approval
49. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
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| None | | |

APPENDICES

| No. | Title |
|------------|----------------------------------|
| Appendix 1 | Working Definition of VCS Groups |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet Member | Councillor Helen Dennis, Climate Emergency and Sustainable Development | |
| Lead Officer | Eleanor Kelly, Chief Executive | |
| Report Author | Matthew Jackson, Head of Property | |
| Version | Final | |
| Dated | 20 January 2022 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Director of Law and Governance | Yes | Yes |
| Strategic Director of Finance and Governance | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 20 January 2022 |

APPENDIX 1

WORKING DEFINITION OF LOCAL VCS GROUPS

- Registered charities
- Community groups
- Community associations
- Tenants and residents groups
- Green Spaces Friends Groups
- Co-operatives and social enterprises
- School/parent groups
- Faith organisations
- Sports, environmental, arts and heritage organisations
- VCS Arts and Culture
- Grant making trusts
- Housing associations
- Non-constituted groups of residents working together to make a difference in their local communities, e.g foodbanks.