

CABINET 4 OCTOBER 2021

Report title: Voluntary and Community Sector (VCS) Asset Strategy

Wards: All

Portfolio: Cabinet Member for Voluntary Sector & Leisure - Councillor Donatus Anyanwu

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Report summary

There is a significant range of Council owned properties across the borough which are occupied by Voluntary and Community Sector (VCS) groups covering a wide variety of organisations and partners. The basis of these occupations has evolved over time with some paying rent, some paying no rent and others paying reduced rents. This has led to a position where there is little transparency or consistency in the management of the portfolio; responsibility for repairs and maintenance is not always clear and there is a lack of investment in the buildings which has, in some cases, led to poor standards of Health & Safety with the associated risk to building users and reputational risks for the Council.

This proposal addresses the core VCS portfolio of approximately 49 properties totalling approximately 85,000 sq. ft. of accommodation; these are listed at Appendix 1. The proposal seeks to adopt a letting policy which will support a sustainable model for funding future repairs to premises whilst also encouraging well utilised spaces delivering services and activities aligned with the objectives of the Borough Plan. The letting policy will be underpinned by the introduction of a social value process and supported by a new VCS assets liaison officer. The policy includes the adoption of a standardised VCS subsidised rent matrix that recognises differences in location and size of premises across the portfolio. This policy replaces the Council's community asset transfer policy.

Key Changes following Consultation

1. To grant all VCS tenants an extra quarter's rent free whilst we develop the VCS Asset Strategy, to help alleviate some of the challenges from lockdown, at a cost of £70,593.75.
2. To extend the transition period from three to six years, where rents are due to increase.
3. To provide additional independent business consultancy to tenants that most need it.
4. To incorporate feedback from the consultation into the Liaison Officer's job description, to ensure frequent interaction with tenants and reasonable contact.
5. To grant longer leases, on a case-by-case basis, subject to the usual technical and financial due diligence, including organisation governance and viability.
6. To promote a VCS Panel with wider VCS representation, to promote advocacy and support to those tenants that require capacity building across a range of potential areas.

Finance summary

The portfolio of 49 properties currently contributes approximately £290,000 per annum of rental income to the general fund. The market rent for these premises is estimated to be £1.2m per annum producing a subsidy of circa £900,000 per annum. The recommendation of a basic rent of £5.75 per square foot, adjusted to take into account size and location factors, has been set at a level which, in addition to maintaining the existing level of rental income from these properties will fund a new post to support the Council's relationship with the VCS portfolio tenants and provide business coaching for the first six years.

Currently the subsidy is not distributed equally, with some VCS tenants paying rent (at varying levels per square foot) whilst others pay none. This policy will result in a reduction in rent for 21 VCS groups and an increase in rent for 18 groups (the remaining properties are vacant). Following the consultation process, a longer transition period of six years is being proposed for those users facing rent increases. Those facing decreases will receive the reduction immediately. The delay in implementing the full rent increase will result in an income gap over the six years that totals £1.075m which will be funded from an earmarked reserve.

In the future, under the new lease terms the Council will retain responsibility for and will fund external building repairs including roof repairs, periodic external redecoration and replacement capital items where the requesting organisation can show that regular maintenance has been undertaken. The recent Capital Strategy allocated £2.25m funding for the purpose of refurbishment works to this portfolio which is a programme anticipated to take place over three years.

Recommendations

1. To approve the adoption of the Voluntary and Community Sector (VCS) Asset Strategy, in place of the community asset transfer policy as set out in this report including the Letting Policy, Social Value Self Evaluation Tool and VCS Panel (Appendices 2 and 3).
2. To approve a flat rate VCS rental level model of £5.75 per square foot base rent subject to further discounts to reflect factors such as proximity to transport routes (15%) and size (25%).
3. To approve the use of £1.075m specific earmarked reserve to fund the income gap during the implementation of the policy.
4. To authorise the Head of Valuation and Strategic Assets to complete new leases on the terms set out in the letting policy, including the termination of existing terms and offering of new terms in line with standard landlord and tenant protocols.
5. To approve the creation of the VCS Asset Liaison post and the allocation of the business coaching resource.
6. To note the allocation of £2.25m from the capital programme to bring the premises back into repair for those properties where the Council has existing repairing responsibility and for those tenants that accept the new lease terms.

1. CONTEXT

- 1.1 The development of the Lambeth Voluntary Community Sector (VCS) Asset Strategy was instigated by the clear need for a sustainable, vibrant third sector in the borough. How the council makes best use of its assets in helping deliver the Borough Plan goals was a key theme within the VCS Strategy, adopted by the Cabinet in April 2020 as the global pandemic took hold. In the following weeks Lambeth's VCS sector played a huge role in helping the most vulnerable. Shared endeavour has been a recurrent theme: stronger partnerships among the sector, with the council

and other borough partners has made a real difference to so many Lambeth residents. It is clear that we can achieve more with a strategic and more equitable approach to how we manage our VCS property to enable the sector to do its work.

- 1.2 The early phases of the VCS Asset Strategy were developed through the Council's Property Subgroup of the Lambeth VCS Partnership Group. The Lambeth VCS Partnership Group comprised a reference group of 25 local VCS organisations that contributed to the development of priorities for the sector. This group took on board the Borough Plan's big ambitions and the 20 goals which sit underneath these to genuinely improve the lives of those who work and live in the borough: included within these goals were the better use of community facilities and fit for purpose community assets.
- 1.3 The desire for change that was developing in relation to assets, which features in the 2020 VCS Strategy, was an appeal from the sector for:
 - a more co-ordinated and proactive approach to affordable and available VCS property across the borough
 - improvements to tenure for the VCS to allow property to work sustainably and flexibly
 - provision of clear information about accessing premises.
 - better support, information, and training on how to manage community spaces well with clear responsibilities
- 1.4 As the strategy developed, overarching themes; fairness, transparency, consistency, accountability, and clarity, emerged as principles which should underpin the strategy to ensure that the desired change would be achieved. This paper sets out the proposed strategy for the management of the 49 or so premises in the core VCS portfolio. Tenants Halls, properties held on long leases and properties held in Youth & Play are outside the scope of this strategy, but will benefit from the improvements in support, information, and training.
- 1.5 To ensure we that we realise these aspirations and goals we need the Council and VCS partners to work together to improve the benefits for Lambeth residents from the use and operation of subsidised assets, meaning that we have to build on the partnership approach between the Council and the VCS. Using the VCS property portfolio to maximise outcomes for communities is one of the 5 strategic objectives of the VCS Strategy, along with maximising funds and resources which come into the borough; building the organisational capacity of VCS organisations; creating stronger networks, relationships and levels of trust between VCS organisations; and enabling the VCS to represent local communities and be recognised as a strategic partner.

2. PROPOSAL AND REASONS

- 2.1 Responding to calls from the sector, at the core, the purpose of this strategy is to strengthen the sector by providing a portfolio of well used, fit for purpose affordable VCS premises, with transparency around access and availability, clarity and consistency around terms and conditions and support for managing accommodation well and delivering social value for the benefit of Lambeth's residents. The proposed VCS Asset Strategy comprises several components that together address the changes called for and meet the principles of fairness, transparency, consistency, accountability, and clarity. The strategy comprises:
 - A dedicated portfolio of subsidised premises reserved for the VCS
 - A sustainable approach to maintenance and repair
 - The VCS Letting Policy, including lease terms and the rent matrix
 - The Social Value Self Evaluation Tool

- The VCS Panel
- The VCS Portal and the VCS Asset Liaison Officer

2.2 This section of the report explains the strategy in more detail and how each element supports the borough plans goals for fit for purpose well used premises and meets the needs of the sector by providing transparency around an affordable portfolio, how it can be accessed, ensuring that the social value sought is achieved. The strategy was developed in collaboration with the sector and feedback from the consultation has been used to update the proposal.

2.3 **A dedicated portfolio of premises reserved for the VCS at subsidised rents**

This strategy responds to the call from the sector for access to affordable and available VCS accommodation. The proposal is to reserve a portfolio of property for and made available to the sector at a subsidised rent. It provides the clarity required around availability of premises, access to affordable accommodation including publication of details, with a transparent application process, when vacancies are available. The management of a waiting list will ensure that all VCS organisations seeking accommodation will be alerted to opportunities. Support for sharing of premises will increase the availability of accommodation, increasing the use of premises and enhancing the benefits for residents. The potential to add new properties to the portfolio will be possible where a *quid pro quo* swap is effected.

2.4 Pre Covid there were estimated to be over 1,500 VCS groups in the borough which means that only a very small number (fewer than 7%) enjoy Council owned premises and a rental subsidy. Most groups source their premises privately and pay market rent. A continuing series of applications for space from the sector indicates a continued demand for accommodation. In addition to the benefits of a dedicated portfolio this strategy retains the provision of an annual rental subsidy to the sector in excess of £800,000 per annum. Unfortunately, it is not sustainable for the Council to provide a rental subsidy to all VCS organisations in the borough.

2.5 **A sustainable approach to maintenance and repair**

When we spoke to the sector some of the issues were about maintaining premises. The condition of many of the properties in this portfolio is currently unsatisfactory and there is a requirement for backlog maintenance to be carried out to ensure both the safety of the premises and those who use them. Funding of £2.25m has already been identified in the capital strategy and a programme of works will be available, where organisations take up the principles of the new letting policy, to bring the properties into a fit for purpose condition. This is anticipated to take place over a three-year period.

2.6 A sustainable approach to future repairs is enabled by new lease terms which clarify the respective responsibilities between the Council and occupier. It is proposed that tenants take responsibility for internal repairs and maintenance together with operating costs while the Council (as landlord) takes responsibility for external repairs including the roof. The Council will also commit to funding periodic capital replacement items from time to time when required, where the requesting organisations can show that regular maintenance has been undertaken. This strategy maintains the existing level of income achieved from this portfolio. Without this income the Council's commitment to undertake future capital repairs from time to time will become unaffordable. While priority will be given to Health and Safety, wherever possible energy efficiency works that promote the Council's pledge to be carbon neutral by 2030 will be incorporated.

2.7 **The VCS Letting Policy, attached at appendix 2, including lease terms and the rent matrix**

The sector called for consistency by the Council in the terms of occupation offered to VCS organisations. These terms are set out in the VCS Letting Policy and comprise the terms of the 'Community Lease'. The adoption of the letting policy will provide the clarity sought by the sector,

but with sufficient flexibility to respond to circumstances such as redevelopment by the Council or potential for longer leases when supported by due diligence. It is not anticipated that organisations within this portfolio will seek grant funding for capital investment in premises, but rather that focus is on delivering social value for residents of the borough.

- 2.8 In addition to providing a clear application process for VCS premises and a sustainable approach to repairs, the Letting Policy will support the provision of flexible affordable accommodation for the wider VCS, particularly smaller organisations through encouraging the sharing of premises.
- 2.9 A fair subsidised rent, payable by all VCS organisations, after a transition period for those facing an increase, will bring to an end the historic imbalance where some organisations pay little or no rent and others, market rent. Following the consultation, the transition period has been extended so that the full level of subsidised rent will not be payable until year 6 of the strategy. The rent reductions will be implemented in January 2022 with first transition rent increases due 12 months later.
- 2.10 The introduction of an equitable approach to rent based on the rent matrix with reductions to reflect factors including size (quantum discount) and distance from main roads and transport (location discount) is in response to the engagement between the Council and the sector and the desire for subsidy not to be provided based on the comparative value of one organisation over another. The matrix proposal recognises that all VCS occupiers are valued equally but that buildings in better locations are more suitable for income generation and larger buildings have a disproportionately high operational cost burden.
- 2.11 **The Social Value Self Evaluation Tool**
In addition to seeking transparency about the availability of accommodation, the sector asked for transparency about the use of accommodation. The letting policy recognises Lambeth's VCS tenants as custodians of Council assets for the benefit of the residents of the borough and this strategy will make information available to residents and the VCS Sector about the organisations in receipt of subsidised premises and the social value they deliver.
- 2.12 The use of a Social Value Self Evaluation Tool (SVSET), Appendix 3, will place an obligation on VCS occupiers to demonstrate the social value impact or benefit they bring to Lambeth communities and their contribution to the delivery of the Future Lambeth Borough Plan Goals and the VCS Strategy aims. The SVSET will be used for annual reporting on-line and completion of the SVSET will provide transparency and accountability to the community for the use of subsidised accommodation at the same time as fostering sharing of premises with other VCS occupiers and delivery of Council and borough priorities. The publication of the return will also increase the visibility of the services offered, hours of operation and other useful information for residents.
- 2.13 **The VCS Panel**
Overall, the Council's objective is to use a portfolio of Council assets to support a sustainable and vibrant sector for the benefit of residents. The role of the VCS Panel is to ensure that, in relation to effective use of the Council's VCS Property Portfolio, cross sector relationships are promoted and developed and trust between the council, other public sector partners and the voluntary and community sector is improved. The terms of reference are being developed and will support a partnership approach to the delivery of the property outcomes and social outcomes sought as well as oversight where issues in the landlord and tenant relationship are not resolved through the support mechanisms set out in the Letting Policy.
- 2.14 The Panel's function will be to look at challenges faced by tenants in the round and not with a sole focus of premises. Where relevant, Integrate Agency CIC, the borough VCS support provider, will

also have an advocacy / support role to be applied to those tenants identified as needing capacity building across a range of potential areas i.e. developing a strengthened financial strategy, bid writing support and networking opportunities.

2.15 **The VCS Portal and the VCS Asset Liaison Officer**

The call from the sector, identified during the development of the VCS Strategy, included better support, information, and training on how to manage community spaces and clarity on responsibilities. The Asset Liaison Officer and the Portal will support this aim. The request was for a single point of contact at the Council and the Liaison Officer will be able to provide this resource, building up relationships with the organisations and providing guidance or signposting on property related issues. Their focus is on using and managing property well, ensuring good maintenance regimes, H&S compliance, timely rent payment. Early intervention and agreed action plans will be used, with signposting to support and guidance where required. Although ultimately legal action may be required, this will be a last resort and in consultation with the panel.

2.16 The full scope of the portal is still under discussion for development, but the intention is, in addition to providing transparency with the publication of the SVSET, that the web becomes a tool to provide signposting to resources, guides and information that support and strengthen the sector.

2.17 **Implementation**

A key element to the sustainability of this strategy has been identified as improvement to the liaison between the Council and VCS tenants. This proposal enables the recruitment of a new VCS Asset Liaison officer with a remit to engage with the Tenants. This will ensure best asset management practice in compliance with the VCS Asset Strategy. The role will include insight and intelligence gathering on the VCS portfolio, increasing the Council's understanding of the issues the sector faces and what the sectors needs are, enabling early intervention and resolution.

2.18 The role will be crucial in building relationships between the VCS tenants and the Council and dealing swiftly with property management queries. This is a new approach that will better enable the Council to support the tenants, manage the portfolio and head off any issues, providing a smoother, more responsive service.

2.19 This proposal will have the greatest impact on those organisations that face new rental payments or face rent increases. To reduce the impact and provide time to adapt it is proposed that the payment of rent will be phased in with no rent increases in the first year of the policy and stepped increases for four further years. The full level of subsidised rent will not be payable until the sixth year of this strategy.

2.20 The rollout of the initial programme of works will require a detailed analysis of a large number of variables including the timing of access and, where necessary, decant. The overarching criteria for prioritising repairs and maintenance will be dependent on health & safety and accessibility issues and this will be reviewed alongside the access provisions. The standard community lease will be offered.

2.21 During and after the formal consultation process, Officers continued to have one-to-one engagements with all the tenants who are most likely to be affected adversely by the strategy, with the aim of exploring new options and opportunities which could mitigate the impact of the strategy on each organisation. These engagements will continue once the strategy is approved.

2.22 The move to the new lease arrangements will be by negotiated agreement wherever possible. However, statutory notices will be used to terminate existing agreements and offer the new lease terms when appropriate. Each case will be reviewed in the light of legal advice with a negotiated solution being prioritised.

2.23 The Social Value tool will bring transparency to the process of VCS groups' own individual performance against the Borough Plan objectives and the Panel will review disputes.

3. FINANCE

3.1 The portfolio of 49 properties currently contributes approximately £290,000 per annum of rental income to the general fund. The market rent for these premises is estimated to be £1.2m per annum producing a subsidy of circa £900,000 per annum. The recommendation of a basic rent of £5.75 per square foot, adjusted to take into account size and location factors, has been set at a level which, in addition to maintaining the existing level of rental income from these properties will fund a new post to support the Council's relationship with the VCS portfolio tenants and provide business coaching for the first six years.

3.2 Currently the subsidy is not distributed equally, with some VCS tenants pay rent (at varying levels per square foot) whilst others pay none. This policy will result in a reduction in rent for 21 VCS groups (23 properties), and an increase in rent for 18 groups (18 properties), the remaining eight properties are vacant. Following the consultation process, a longer transition period of six years is being proposed for those users facing rent increases. Those facing decreases will receive the reduction immediately. The delay in implementing the full rent increase will result in an income gap over the six years that totals £1.075m which will be funded from a specific earmarked reserve.

3.3 Under this proposal tenants will all pay a fair and transparent VCS rent based on a flat rate of £5.75 per square foot which is then subject to discounts to reflect the size of the property and its accessibility, or lack of, from transport networks. The spread of subsidised rents is referred to as the Rent Matrix.

- The Quantum Discount of 25% will be applicable to premises over 1,000 sq. ft.
- The Location Discount of 15% will be applied to premises located away from main roads and the best public transport links.

3.4 Two buildings have been identified as garage/workshops and have been attributed a reduced rent based on a reduced market rate for these types of properties.

The Rent Matrix		Quantum Reduction
	Baseline VCS Rent	Baseline less 25%
	£5.75psf	£4.31psf
Location Reduction	Baseline less 15%	Baseline less 40%
	£4.89psf	£3.45psf

3.5 In the future, under the new lease terms the Council will retain responsibility for and will fund external building repairs including roof repairs, periodic external redecoration and replacement capital items where the requesting organisation can show that regular maintenance has been undertaken. The recent Capital Strategy allocated £2.25m funding for the purpose of refurbishment works to this portfolio which is a programme anticipated to take place over three years.

4. LEGAL AND DEMOCRACY

- 4.1 Section 1 of the Localism Act 2011 introduced the “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area.
- 4.2 The Council has the power, by virtue of section 123, Local Government Act 1972, to dispose of land held by it in any manner it wishes. However this power is conditional and does not empower the Council to dispose of land for consideration less than the best that can reasonably be obtained, save by a lease of less than seven years, except with the consent of the Secretary of State.
- 4.3 The ODPM in its circular 06/2003 and the annex thereto (The General Disposal Consent (England) 2003) which granted a general consent for any disposal of non-HRA land in specified circumstances, i.e.: where the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2 million; and the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of all or part of its area, or of all or any persons resident or present in the area.
- 4.4 The circular makes it clear that, when exercising these powers to dispose of land at an undervalue, members must be satisfied that the circumstances warrant such action and be aware of the need to fulfil their fiduciary duty in a way which is accountable to the local community. In addition, the authority is advised to ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue. The circular also points out that all disposals need to comply with the European Commission’s State aid rules:

“When disposing of land at less than the best consideration authorities are providing a subsidy to the owner, developer and/or the occupier of the land and property, depending on the nature of the development. Where this occurs authorities must ensure that the nature and amount of subsidy complies with the State aid rules, particularly if there is no element of competition in the sale process. Failure to comply with the rules means that the aid is unlawful, and may result in the benefit being recovered with interest from the recipient.”

- 4.5 Since 1 January 2021 the UK has followed the commitments on subsidy control set out in its Free Trade Agreements (FTAs) with the EU and other countries and the World Trade Organisation (WTO) rules on subsidies, as well as the relevant provisions relating to Northern Ireland contained in Article 10 of the Withdrawal Agreement with the EU. The Department for Business, Energy and Industrial Strategy have launched a consultation to seek views on the best way to design a subsidy control system that works for the UK economy, in the interim, granting authorities and recipients are still required to comply with their obligations on subsidy control despite a new regime not having been implemented as yet. These controls replace the State Aid Rules the UK was subject to whilst a member of the EU. The key characteristics of a subsidy are:
- i. It must constitute a financial contribution provided by a ‘public authority’. The financial contribution could be a grant, loan or loan guarantee or other form of financial assistance, such as forgoing of revenue that is otherwise due.
 - ii. The award of the subsidy must confer a benefit on persons supplying goods or services in the course of a business, which would not be available under commercial terms.
 - iii. The subsidy must be specific which means it benefits a particular enterprise, or enterprises in a particular sector, industry, or region.
 - iv. It has, or could have, a harmful or distortive effect on trade or investment within the UK or internationally.

- 4.6 Whilst the terminology is different the proposition behind the subsidy control regime is very closely aligned with the former State Aid regime with similar exemptions i.e. akin to the de minimis provision under the EU state aid rules, the EU-UK Trade and Co-operation Agreement only applies to subsidies over the value of 325,000 special drawing rights (approximately £350,000) given to a single beneficiary over a three-year period; this threshold is set higher, at 750,000 special drawing rights, for services of public economic interest
- 4.7 Section 149 of the Equality Act 2010 sets out the public sector equality duty, i.e. that all public bodies are under an obligation to have 'due regard' to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.
- 4.8 Section 149 (1)(b) of the Act states that: a public authority must, in the exercise of its functions, have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. Part of the duty to have "due regard" where there is disproportionate impact will be to take steps to mitigate the impact and the Council must demonstrate that this has been done, and/or justify the decision, on the basis that it is a proportionate means of achieving a legitimate aim. Accordingly, there is an expectation that a decision maker will explore other means which have less of a disproportionate impact. Compliance with the duties in this section may involve treating some persons more favourably than others; but this does not permit conduct that would otherwise be prohibited by or under this Act.
- 4.9 When considering whether to adopt the recommendations of this report, the decision maker will be exercising discretion within the constraints of the duties referred to above and should therefore have in mind the following principles of administrative law:
- the decision must be within the Council's powers;
 - all relevant information and consideration, including the Council's fiduciary duty to the Council tax payer, must be taken into account; and,
 - all irrelevant considerations, including unauthorised purposes, must be ignored.
- 4.10 The Council's constitution currently delegates to the Head of Valuation and Strategic Property Services the authority to dispose of properties to occupant voluntary sector organisations for the best consideration that can reasonably be obtained.
- 4.11 This proposed key decision was entered in the Forward Plan on 23 April 2021 and the necessary 28 clear days' notice has been given. The report will be published for five clear days before the decision is considered by Cabinet. Should it be approved and following the publication of the Cabinet minutes, a further period of five clear days, the call-in period, must then elapse before the decision becomes effective. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved

5. CONSULTATION AND CO-PRODUCTION

- 5.1 The foundation of these proposals was developed through co-production in partnership with the public sector and VCS (including the VCS Property Group which is a sub-group of the Lambeth VCS Partnership Group), to enable the Council to improve the partnership between the Council/public sector and the VCS. Key goals were to develop a co-ordinated approach to the provision of a portfolio of affordable, fit for purpose premises across the borough to enable VCS occupiers to work sustainably with partners to maximise benefits for Lambeth residents, including improved wellbeing, engagement, and community cohesion.

- 5.2 Between February and April 2021, the Council offered all VCS tenants and occupiers directly impacted by this strategy early engagement opportunities and held virtual pre-consultation meetings with a majority. We extended this consultation with webinars and presentation to the wider VCS sector within Lambeth, including members from the Funders Forum, and Lambeth Community Hubs. We consulted with the VCS more widely through communications to the sector through Integrate CIC, an agency funded by Lambeth Council to support Lambeth's Voluntary and Community Sector. We opened the consultation to the wider public so that any member of the public could access and comment on the proposals
- 5.3 In developing the strategy and the public consultation, we had due regard to the need to achieve goals which eliminate unlawful discrimination; advance equality of opportunity and foster good relations between people who share a protected characteristic and those who don't. This is supported by published Charity Commission information, as well as existing corporate data regarding the VCS sector and have established that a majority of the VCS tenants and/or partner organisations in this portfolio are inclusive and deliver a range of services to a wider group of residents who share the 'protected characteristics' as described by the Equality Act 2010; and are therefore not confined to a particular type of protected characteristic.
- 5.4 We wrote to all tenants and occupiers within this portfolio between 26 February and 4 March 2021 to inform them that we were about to commence consultation on a new VCS Asset Strategy, and that they had been identified as an organisation that would be directly impacted by the proposals. In this initial email, we offered each occupier the opportunity to attend a virtual meeting for this purpose with as many trustees, board members of leadership team as would like to join to hear and understand the proposed strategy being consulted upon.
- 5.5 Following positive responses from over 65% of the occupiers, we undertook and delivered a series of presentations, webinar and telephone engagements, presenting the draft strategy to the different stakeholders and their networks on the draft proposals, the impact (positive and negative) on their occupation and use of Council-owned property, and the next steps.
- 5.6 We wrote to all the stakeholders on 15 March 2021 to let them know that the consultation was live, and how to respond. The on-line consultation ran for a period of six weeks, from 15 March to 25 April 2021. The Council's partner, Integrate CIC, undertook two Mailchimp mailings to the sector on; 15 March 2021 to 2,332 recipients, and on 20 April 2021 to 2,496 recipients. They also sent out messages across their social media accounts and discussed (and continue to discuss) the consultation in their day-to-day engagement. The web was used to promote the consultation. Over 180 responses were received, 148 online and the rest through direct email communication and verbal feedback.
- 5.7 Overall, the respondents suggested a wide range of options by which the overall strategy could be improved and delivered to ensure more transparency, consistency and fairness. Further analysis is presented in the post consultation report. (Appendix 4)
- 5.8 This strategy has been updated to address key concerns. In relation to rent increases the time to transition to full rent has been increased and the letting policy is more flexible over lease length where due diligence indicates that this is appropriate. The feedback from the consultation in relation to the panel and the liaison officer will be incorporated into their respective roles.

6. RISK MANAGEMENT

The main risks that impede on the successful delivery of this procurement and contract are:

Table 1 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Some groups do not engage with the process resulting in delays to agreeing new leases and carrying out works.	2	4	8	The majority of groups have engaged with the Council through the consultation process. Engagement with the sector will continue and where available, legal protocols under existing lease agreements will be utilised to support cooperation
2	Unable to identify sufficient suitable alternative accommodation for decant during period of works.	2	4	8	To hold vacant premises on the portfolio for the purpose of decant and to work closely with partners and organisations to match location and timing requirements as closely as possible.
3	The social value benefits of maintaining assets and making them available to organisations are not delivered.	2	4	8	Deliver a social value mechanism to reflect the value of the services delivered by the organisations. Implement a monitoring system to ensure that outputs continue to align with the Council's objectives and reflect the needs of service users.
4	Cost escalation in maintenance & repairs programme.	3	2	6	Ensure that procurement options achieve value for money in terms of balancing time, cost and quality.
5	The SV mechanism results in some groups paying a higher rent resulting in an inability to pay for occupation of the premises.	3	2	6	Where the process for agreeing rent subsidies results in a higher rent the council will allow a 6 years stepped rent to transition to the new rent
6	Delays in rollout of maintenance & repairs programme causes uncertainty for groups when planning service delivery and preparing business cases.	3	2	6	Implement a well-defined project management framework to ensure that any delays to published programme are anticipated and mitigated in a timely manner to minimise holdups.
7	Difficulty in arranging access to carry out works.	3	2	6	Ensure that the communications and engagement plan is implemented effectively to ensure VCS organisations have a good understanding of the policy and its benefits.

Key

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 An Equalities Impact Assessment (Appendix 5) has been completed, and it is considered that the approval of the recommendations within this report, the VCS Asset Strategy together with the proposed mitigation measures will promote fairness, transparency, and equality of opportunity. This should have an overall positive impact on groups with protected characteristics and will result in improved socio-economic benefits. The findings were presented before the Council's Equalities Impact Panel on 14 September 2021.

8. COMMUNITY SAFETY

- 8.1 This strategy redefines the relationship between the Council and VCS organisations occupying property in this portfolio. As custodians of Council assets for the benefit of the residents of the Borough and with a strengthened expectation of premises which are fully utilised and shared with wider VCS organisations, this strategy will strengthen the relationship between the Council and the VCS and enable earlier identification of issues that impact community, including community safety.

9. ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 The adoption of this strategy will enable the development of a programme of investment in the portfolio. Enhancing the energy efficiency of the premises will be incorporated into the work programme.

Health

- 9.2 While no direct impact, many of the occupying organisations provide support to vulnerable residents and with their community focus improve the Wellbeing of Lambeth's residents.

Corporate Parenting

- 9.3 None

Staffing and accommodation

- 9.4 The funding of a new VCS Asset Liaison Officer, on a cost neutral basis, is envisaged to strengthen the relationship between the Council and the VCS Tenants.

Responsible Procurement

10. The works to the premises will be subject to separate procurement reports

11. TIMETABLE FOR IMPLEMENTATION

Activity	Proposed Date
Date published on Forward Plan	23 April 2021
Cabinet	4 October 2021
Minutes published	8 October 2021
End of Call-In Period	15 October 2021

AUDIT TRAIL				
Consultation				
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Cllr Donatus Anyanwu	Cabinet Member for Voluntary Sector & Leisure	07.09.21	07.09.21	
Cllr Andy Wilson	Cabinet Member for Finance and Performance	07.09.21	10.09.21	
Fiona McDermott, Strategic Director	Finance and Investment	03.09.21	03.09.21	
Paul Bates, Director	Strategy and Communications	03.09.21	03.09.21	
Christina Thompson, Director	Finance and Property	02.09.21	02.09.21	3.1 – 3.5
Greg Carson, Legal Services	Legal and Governance	06.09.21	06.09.21	4.1 – 4.10
Maria Burton, Democratic Services	Legal and Governance	03.09.21	06.09.21	4.11

REPORT HISTORY	
Original discussion with Cabinet Member	Regular CMB briefings up to 09.09.21
Report deadline	22.09.21
Date final report sent	22.09.21
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	23.04.21
Key decision reasons	3. Meets community impact test.
Background information	Decision - Voluntary and Community Sector Strategy Lambeth Council
Appendices	<i>Appendix 1 – VCS Asset Strategy Tenants</i> <i>Appendix 2 – VCS Letting Policy</i> <i>Appendix 3 – Social Value Self Evaluation Tool</i> <i>Appendix 4 – Post Consultation Report</i> <i>Appendix 5 - Equality Impact Assessment Report,</i>