

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Community Spaces: Voluntary and Community Sector Rents and Leases Policy (SC/2023/02)	
REPORT OF Cabinet Member for Voluntary Sector, Equalities and Cohesion	
FOR SUBMISSION TO Cabinet	DATE 18 th January 2023
STRATEGIC CONTEXT Camden’s Voluntary and Community Sector (VCS) is key to the Council’s ambitions set out in We Make Camden. Through We Make Camden, the Council has reiterated its commitment to supporting Camden’s VCS to be resilient and responsive to resident need. The provision of affordable work and delivery space is a critical component of the Council’s support to the VCS. Through affordable space the Council helps support Camden’s VCS to be financially resilient. The provision of affordable premises sits alongside the Council’s £51 million per annum commissioning relationships and £3.9 million per annum grant funding relationship with the VCS. The Council currently lets over 96 premises to the VCS. However, the terms of occupation are <i>ad hoc</i> and inconsistent, contributing to a sense of unfairness. Further, different repairing responsibilities placed on the VCS have contributed to inconsistent management of stock condition. In response, the Council has developed a Community Spaces: VCS Rents and Leases policy, which aims to establish a more consistent approach to all aspects of letting Council premises to the VCS and to reduce the repairing liabilities for the VCS so that repairs and maintenance of Council premises is managed in a pro-active and long-term cost-effective way.	
SUMMARY OF REPORT This report covers the development of the Community Spaces: Rents and Leases Policy since the Cabinet report of Feb 2020. Over this period the Policy along with the VCS Social Value Discount Framework, Heads of Terms (HoTs) and Equalities Impact Assessment have been developed with input from engaging tenants from the Voluntary and Community Sector. This policy sets out a new framework for managing rents and leases in premises let to the VCS. The principal driver of the policy is fairness; to introduce a comprehensive and consistent framework for charitable tenants giving greater clarity and improved terms to the sector. While as explained the policy describes a process which needs to be completed we do not anticipate any significant increase or decrease in current £1.26m annually billed to the sector. As stated the aim of the policy change is to bring fairness and an equality of treatment and not to raise additional funds for the Council. This will be achieved through the introduction of a new VCS lease and rent setting process, where discounts will be applied in recognition of the ‘social value’ delivered by qualifying VCS organisations. Where changes may have an	

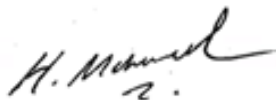
impact on VCS organisations, extensive mitigations will be put in place to successfully migrate charities on to the new framework.

Contact Officer:

John Muir, 5 Pancras Square, 020 7974 5274 john.muir@camden.gov.uk
Sam Rowe, 5 Pancras Square, 020 7974 6857 sam.rowe2@camden.gov.uk

RECOMMENDATIONS

- (i) That, having considered the results of the consultation and the results of the equalities impact assessment, and having due regard to the obligations set out in section 149 of the Equality act 2010, the following be agreed:
1. Voluntary and Community Sector Community Spaces: Voluntary and Community Sector Rents and Leases Policy, as set out as Appendix 1 to the report
 2. The list of Voluntary and Community Sector premises that the policy applies to, as set out as Appendix 2 of the report
 3. The Voluntary and Community Sector Heads of Terms, as set out at Appendix 3 of the report
 4. The Social Value Discount Framework, as set out as Appendix 4 of the report
- (ii) That the financial and budgetary implications of the proposals be noted



Signed:

Hanad Mohamed
Director of Equalities and Community Strength

Date: 6 January 2023

1. CONTEXT AND BACKGROUND

- 1.1 The Council currently leases over 96 spaces to voluntary and community sector (VCS) organisations. Over time a wide disparity in rents and the terms of occupation has emerged that is collectively viewed as unfair and inconsistent. The Council has had a long ambition to address this situation by developing a Community Spaces: VCS Rents and Leases Policy to establish fair and consistent approach to the way in which premises are leased to the VCS.
- 1.2 In February 2020, Cabinet considered a report to establish a framework to manage and let accommodation to the VCS. Cabinet resolved:
- i. THAT further engagement with the voluntary sector is required before this matter is progressed as envisaged or at all;
 - ii. THAT the Executive Director Supporting Communities be authorised to engage with the voluntary sector as a whole; and
 - iii. THAT a further report be brought to either Cabinet or the Leader as a single member with the equalities impact assessment, the result of the consultation to date and the results of that further engagement exercise and any recommendations which might flow from it.
- 1.3 In response to these decisions, all VCS tenants have been invited to participate in a programme of engagement on the policy over the last 18 months. This has included a public briefing, four workshops and specific dialogue on the Heads of Terms through which leases are negotiated. 76% of Camden's VCS tenants participated in some or all of these sessions (38 out of 50). In November 2022, the proposed Community Spaces: VCS Rents and Leases policy, incorporating feedback from the VCS through this programme of engagement, was shared with the sector at a VCS briefing.
- 1.4 This report sets out proposals to introduce a fair and consistent approach to 1) to the occupational terms offered to the VCS 2) property valuations and rent negotiations and 3) defining and applying a social value discount.
- 1.5 This policy intends to provide a clear and fair framework through which to manage all aspects of property leased to VCS organisations.

2. PROPOSAL AND REASONS

- 2.1 It is proposed that the Council adopts the following policy documents and that these become the framework through which premises are leased to the VCS:
- The Community Spaces: Rents and Leases policy (Appendix 1)
 - VCS Heads of Terms (Appendix 2)
 - Social Value Rent Discount Framework (Appendix 3)
 - The VCS premises list (Appendix 4)
- 2.2 The policy outlines the Council's commitment to providing affordable workspace and delivery space to support Camden's VCS to be resilient and responsive, whilst ensuring that Council assets occupied by VCS tenants are well maintained and fully maximised for the benefit of local residents.

- 2.3 The aim of the policy is to introduce a fair, consistent and transparent approach to; the occupational terms offered to the VCS; the way in which properties are valued and rents are set; the application of rent discounts to VCS organisations; and the way in which premises are allocated to VCS organisations.
- 2.4 In order to achieve this, the policy documents detailed above seek to deliver a fair, consistent and transparent approach through:
- **Head of Terms:** The terms of occupation offered to VCS tenants
 - **Valuation and Rent Negotiation:** The way in which rents for properties occupied by VCS tenants are set and negotiated.
 - **Social Value Rent Discount:** The application of rent discounts for all VCS tenants that meet the eligibility and criteria of the Social Value Rent Discount Framework
 - **Premises Allocation:** The allocation of premises to VCS organisations
- 2.5 Each of these aspects of the Community Spaces: VCS Rents and Leases Policy are considered further below.

Heads of Terms and VCS Lease

- 2.6 The Heads of Terms (HOT) are the main conditions of the tenants' lease (Appendix 2). The Council has produced bespoke VCS HOTs, with input from the VCS, that are distinct from the Council's commercial HOT, reflecting a social, not commercial value. The VCS HOT will standardise terms of occupation for VCS tenants, replacing the ad-hoc and inconsistent arrangements.
- 2.7 The HOTs and resulting lease agreement will ensure greater clarity on repairing obligations for the Council and VCS, with the Council taking on greater responsibility for structural and exterior repairs and expensive repair obligations. The lease will be for between 3-20 years, outside of the Landlord and Tenant Act (1954) and can only be used for charitable purposes; for example, there are limits to the extent that property can generate income for the charity. The HOTs have favourable break clauses, rent reviews, rules on capital investment to incentivise charitable investment in premises, a service charge cap and other arrangements to promote sustainability and good management of the asset. The costs associated with this are considered in the Resources section of this report (Section 7).
- 2.8 Where charities do not to take a VCS lease, they will be able to opt for a standard commercial lease or occupation on their current terms if these are secure and more favourable, limiting the total number of organisations directly affected. Where organisations do not have any written agreement, the Council will work with the charity to regularise occupation, only using a legal route as a final process.
- 2.9 Tenants will be offered the new VCS lease, subject to eligibility. All organisations will be required to have to have a written occupational agreement. As a last resort this may include offering a full repairing and insurance (FRI) tenancy at full market rent.

Valuations and Rent Negotiation

- 2.10 Rents will be agreed through negotiation. The Council will propose a 'market rent' for each premises based on comparison with similar buildings with similar uses, in

similar areas, let on similar terms, for example, comparing a community centre with a community centre, not other buildings in this planning class. VCS organisations will have the opportunity to provide evidence of comparable building being let at levels below the valuation identified by the Council. The Social Value discount will be applied to the agreed 'market rent' for all eligible and qualifying organisations.

- 2.11 It is important to note a 'market rent' does not mean a commercial rent level that would apply if the space was let to a business or developer. The 'market' is the market of similar charitable spaces leading to parity with other Camden and London premises.
- 2.12 To encourage investment in buildings; capital investment improvements to premises undertaken by VCS organisations will not be included in the rental valuations for that tenant for a period of 21 years.

Social Value Rent Discount

- 2.13 The policy and accompanying Social Value Discount Framework outline the qualifying criteria and award process to award a rent discount of not less than 50% (Appendix 3). Rent discounts will only be awarded to organisations that meet the criteria set out in the Social Value Discount Framework who are occupying premises held on the Council's list of VCS premises (Appendix 2).
- 2.14 The definition of Social Value is broad, but includes expectations that VCS organisations deliver accessible services, through a not-for-profit model, that address inequality and support the delivery of the Council's social, economic and environmental outcomes. It is assumed that charities with a local focus will qualify for the Social Value discount.
- 2.15 Not all organisations will not be eligible for a discount. Full details of the eligibility criteria are set out in the Social Value Discount Framework (Appendix 3).
- 2.16 Tenant's eligibility for the Social Value Discount will be reviewed regularly. Where the social value threshold is not passed the 'market' rent will be reinstated, and discount withdrawn. To support the organisation towards delivering sufficient social value outcomes a process will be put in place to have the discount reinstated. Charities can continue to occupy buildings even after losing the discount, although Camden do reserve the right to seek possession in exceptional circumstances.

List of VCS Premises

- 2.17 The scope of this policy is limited to the 96 identified premises set out in Appendix 2. The rent discount and VCS terms are reserved for tenants in premises included in this list of VCS premises. This arrangement limits the impact on Council revenue (through rent discount) and the expense of repair obligations, whilst also ensuring that there is a clearly defined stock of dedicated VCS space.
- 2.18 Through appropriate decision-making routes the Council may add to or remove premises from this list. The Council has additional buildings let to charities, which are outside of this policy remit. Examples include charity shops, charities paying a commercial rent, etc.

VCS Premises Allocation Process

- 2.19 The policy details an approach and principles of allocating vacant spaces to the VCS through an open, transparent, and competitive process. The Council will advertise premises and organisations can express interest in the premises through a standardised and moderated process. A fair process will address reputational issues that have resulted in perception of 'closed' allocation processes.

3. OPTIONS APPRAISAL

- 3.1 The two options are:
- Do nothing
 - Adopt the proposed Policy, VCS Premises List, Heads of Terms and Social Value Discount Framework
- 3.2 It is proposed that Cabinet adopt the proposed Policy, VCS Premises List, Heads of Terms and Social Value Discount Framework, as doing nothing will perpetuate a situation perceived as unfair and inconsistent, where many organisations pay higher rent than comparable organisations, and some organisations pay no rent at all. Without the policy it will not be possible to reduce rents for organisations that pay a comparatively high or commercial rent. This situation has a reputational impact on the Council.
- 3.3 Further, the lack of clarity on repairing obligations and the financial position of the VCS have contributed to significant underinvestment in the stock. The status quo places unfair expectations and obligations on the VCS, and contributes to poor estate management, including issues related to health and safety standards. This has resulted in buildings failing and the Council undertaking, or funding, high-cost repairs works reactively.
- 3.4 Adopting the Policy, VCS Premises List, Heads of Terms and Social Value Framework will put in place an open and transparent approach to the allocations, valuation, terms of occupation and rent levels for VCS organisation. Adopting the policy will enable long standing issues of inconsistency in rent to be addressed.
- 3.5 The approach recommended to building maintenance will enable the Council to ensure that timely and cost-effective repairs are undertaken to ensure the quality and longevity of its property portfolio through structural, exterior and high value revenue repairs and capital investment. It will enable organisations who have been allocated leases on higher rent and significant repair obligations to negotiate more appropriate accommodation arrangements with the Council.
- 3.6 Adopting the policy will have a financial impact on some organisations, for example that currently pay no rent. It is proposed that these are addressed through a combination of the rent negotiation process and the proposed mitigations.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1 The policy seeks to address a number of existing risks, including to the Council's reputation for fairness and consistency with the VCS, the condition and maintenance of Council premises, and adherence to statutory building compliance.
- 4.2 The following risks associated with the policy and proposed mitigations include:

- 4.3 **Council Reputation** – Introducing the policy will enhance the Council’s reputation for fairness and consistency, however the VCS Rents and Leases Policy may be interpreted as a mechanism to generate additional income for the Council at a time of acute financial pressure for the VCS and public services. This will be particularly acute where the policy results in organisations paying rent for the first time. To mitigate against this risk commitment has been made for the policy to be rent ‘income neutral’, meaning collectively no additional income beyond that currently paid will be generated by the VCS sector. Further, the policy will see additional Council investment into community premises and reduced repairing liabilities for the VCS. The Council will have to continuously monitor the income achieved through the policy, mitigate risks to organisations as detailed within the policy, and ensure clear communications with the VCS. If a ‘do nothing’ approach is adopted, this decision will perpetuate a situation of inconsistent rents and terms of occupation for the VCS.
- 4.4 **Resilience of VCS** – Many organisations are anticipated to see reductions in rent, improving their financial resilience where it is needed the most. However, the introduction of rents for organisations that currently pay no rent or pay less rent than will be due under the new policy, will impact negatively on the financial position of these organisations. Many organisations anticipating a rent increase have budgeted for this long-anticipated change in policy. Where appropriate the Council will use mitigations to help organisations adapt and change to the new framework. These mitigations are detailed within the policy (Appendix 1) and include (but are not limited to) phasing in rents, providing financial support, support with co-location, and providing in-kind support such as training or advice to organisations or other mitigations identified by the tenant. These mitigations, will be informed by an assessment of affordability and Equality Impact Assessments.
- 4.5 **Cash flow of VCS and Council** – The sequence of lease negotiations with the VCS will result in increases or decreases in the total billable rent (the *baseline*, see 7.2), which results in risks to the cash flow of the Council and VCS as a whole. The implications of this are considered in the Resources section of this report (section 7). To mitigate against these risks, principles for sequencing the implementation of the policy are proposed within the Timetable for Implementation (section 10) of this report.
- 4.6 **Building Maintenance** – The policy seeks to address risks associated with the maintenance obligations of the VCS leading to deterioration in the building fabric. The Council will take on greater responsibility for the building’s structure. Budgets are available for capital investment for HRA and GF premises, and an obligation to replace or upgrade M&E over a £5k threshold remains. In addition, the HOTs have been designed to ensure that VCS organisations can attract capital funds from external grant making bodies. Choosing to do nothing will result in the risk of deterioration of VCS premises.
- 4.7 **Unofficial Occupation (Regularisation)** – Several organisations currently occupy buildings with no recognised written agreement. Over time this can mean the occupier becomes a secure tenant and this reduces the landlord’s future use. The policy has a clear offer to address this situation (through ‘regularisation’) and a process where agreement doesn’t take place. All tenants are expected to have a written agreement.

- 4.8 **Equalities Impacts** – The VCS Rents and Leases Policy will improve consistency in the letting, rent and terms of occupation of Council premises, creating a more equal situation for VCS tenants and their beneficiaries. However, a consistent approach to letting premises to the VCS may limit the Council’s ability to offer comparatively generous in-kind support to improve equity for organisations led by or working with disadvantaged groups. To mitigate against this, and as detailed in the Equalities Impacts section of this report (Appendix 5), organisational and site-specific equalities impact assessments will need to be carried out and mitigations detailed within the policy implemented.

5. CONSULTATION/ENGAGEMENT

- 5.1 Between summer and autumn 2021 thirty-eight VCS organisations took part in four workshops that shaped the current policy, and in January 2022 a working group with six tenants was convened to focus work on the proposed Heads of Terms. Engagement on this matter has been challenging for all parties, with the workshops adopting a format of engagement and negotiation to influence the proposed policy. Prior, in May 2019, the consultancy Snook undertook research with 19 VCS tenants, which was referenced in the development of this policy.
- 5.2 The 2021 consultation process has resulted in material changes to the policy. In particular; the introduction of clearer mitigations that reflect the financial situation of VCS organisations; changes to the approach taken to define and measure social value; changes to the Heads of Terms in key areas such as break clauses, repairing obligations, service charge caps and rent reviews; removal of the use of side letters to confer social value discounts by enshrining this in leases; the development of a tenants handbook; and the development of a training programme to support VCS organisations with premises responsibilities.
- 5.3 An open briefing for tenants on the proposed changes took place in Nov ’22 attended by 38 tenant organisations. Copies of the Policy, Heads of Terms, Social Value Discount Framework were circulated in advance. The session covered the policy content, and gave a commitment to a fair and transparent process and no overall increases to income generated by Camden from the VCS.

6. LEGAL IMPLICATIONS

- 6.1 The report relates to grant of leases of community facilities which are held and accounted for either in the Council’s General Fund (“GF”) or the Council’s Housing Revenue Account (“HRA”). The recommendation in this report is to grant voluntary sector organisations market value leases of both GF and HRA properties, but at the same time requiring organisations to commit to delivery of a Social Value Offer (to be incorporated into the lease). This reflects the Council’s duties in the Public Services (Social Value) Act (2013) which require public sector organisations to look beyond financial costs to consider how services they commission can improve the economic, social and environmental wellbeing of an area. The lease will also incorporate a mechanism providing for market rent to be recoverable but for the tenant to be granted a rent reduction of 50% of that market value rent conditional upon the tenant delivering the Social Value Offer. If the tenant fails to comply with

the Social Value requirement the Council will respond in a reasonable and proportionate way but ultimately the market rent will be payable, and the conditional 50% rent reduction will be withdrawn. It is not considered this approach amounts to an unlawful subsidy.

- 6.2 Different rules apply to disposals (including grant of leases) of GF and HRA facilities. In terms of the rules applying to disposals or grants of leases of GF properties under section 123 of the Local Government Act 1972, the Council is allowed to make disposals or grant leases at the best consideration reasonably obtainable (best consideration is essentially equivalent to market value). Under the General Disposal Consent (England) 2003 local authorities can dispose of land held by them for less than the best consideration reasonably obtainable providing the discount or undervalue does not exceed two million pounds, and the authority considers that this will help to contribute to the promotion or improvement of the economic, social or environmental wellbeing of its area. It is considered that the recommendations of this report insofar as they relate to GF leases fall within the terms of the 2003 Consent
- 6.3 In terms of leases of community facilities held in the HRA the 2013 General Housing Consent issued under section 32 of the Local Government Act 1988, permits a local authority to make disposals of assets (including grant of leases) at market value. However different rules apply in respect of “vacant land” which under the 2013 Consent are treated differently to “dwellings”. General Consent A3.2 enables a local authority to dispose of “vacant land”. The definitions provide that “land” includes buildings or other structures. “Vacant” in relation to land means land on which no dwelling-houses have been built. Para 8 of the Commentary to the 2013 Consent states that included in what is disposable are assets that are not dwellings in respect of which price may be determined by the authority (subject to the usual public law and fiduciary considerations.) Counsel has advised that General Consent A3.2 applies to the community facilities recommended in this report to be let to a voluntary and community sector organisation at less than market value, subject to the organisation complying with the Social Value Offer.
- 6.4 In considering the recommendations the Cabinet must have due regard to the impact those decisions will have upon the Council’s statutory duty with regard to equalities as set out in Section 149 of the Equalities Act 2010. In summary these legal obligations require the Council and Cabinet, when exercising its functions, to have ‘due regard’ to the need to 1) Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2) To advance equality of opportunity between people who share a relevant protected characteristic and those who don’t; 3) Foster good relations between people who share a relevant protected characteristic and those who don’t (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only - i.e. reducing discrimination, etc. - the protected characteristic of marriage and civil partnership is also relevant

7. RESOURCE IMPLICATIONS

- 7.1 The policy will have the following financial impacts for the Council:

- Rents and rent arrears
- Repairs and capital works
- Project costs
- Tenant legal fees

Rents and rent arrears

- 7.2 Currently, £1.26m per annum rent is billed to VCS tenants in the identified list of VCS premises. This income, which supports the delivery of Council services, is split (broadly 50:50) across the General Fund and the Housing Revenue Account. This £1.26m has been set as the 'baseline' for the rent neutral position set out in para 4.5.
- 7.3 The estimated total rental income for all 96 VCS properties is £2.96m per annum. This includes premises occupied by charities that would not qualify for a VCS Social Value Discount and are therefore treated as standard commercial tenants. The upper estimate for income from premises let to organisations that would qualify for a VCS Social Value Discount is £1.55m. This is £0.29m higher than the baseline. While the process of lease negotiations will inevitably reduce this figure, with careful management the £1.26m figure should be achievable.
- 7.4 The difference between the possible rent of £2.96m and the discounted rent of £1.26m can be considered as a £1.7m subsidy to the VCS. This subsidy sits alongside the Council's multi-year core grant and project grant programmes which provide £3.9m per year to the sector and the Council's broader £51m commissioning relationship with VCS organisations.
- 7.5 It is estimated that new leases can be agreed for 12 or more organisations a year. Forecasting has been undertaken to assess the impact of agreeing the new leases on rental income. The sequence of lease negotiations with VCS tenants will result in changes to rental income that are difficult to anticipate. Nevertheless, the forecasting suggests that it should be possible to maintain the current level of rental income by alternating negotiations between those organisations that will see an increase in rent and those that will see a decrease. However, the risk remains that the net impact of the lease negotiations may be a net fall in rental income, but this needs to be considered against the benefits of the policy.
- 7.6 Twelve VCS tenants currently have rent debts owed to the Council of over £5k and which currently total £488k. The introduction of the Rents and Leases Policy may provide an opportunity to address these rent arrears through negotiated repayment arrangements and recovery support. More widely, the rent negotiation process should result in rent levels that are affordable and sustainable to other VCS tenants.

Repairs and capital works

- 7.7 The new VCS lease will standardise responsibilities for repairs. This proposal aims to ensure that premises are managed with timely preventative repairs works undertaken to minimise deterioration.
- 7.8 Building repairs and maintenance are considered revenue expenditure. Improvements to a building such as the installation of a new boiler are capital

expenditure. In addition, capital expenditure must also exceed the Council's *de minimis* level of £10,000.

- 7.9 A capital budget of £0.6m specifically for VCS premises has been set up within the General Fund. The HRA has a further £0.955m capital budget but this is for all commercial properties not just VCS premises. Following stock condition surveys, capital works will need to be prioritised according to urgency, and in line with the capital budgets available. Further capital investment will be needed in future.
- 7.10 Any repairs and maintenance costs or capital works under £10,000 must be charged to revenue. It is anticipated that the standardisation of repairs responsibilities will result in a net increase in repairs expenditure by the Council on VCS premises. It is very difficult to estimate this increase at this stage but it will be kept under review and any budgetary impact addressed as it arises. Capital works and repairs are critical to managing the Council's risks and liabilities as a landlord and require appropriate resourcing.
- 7.11 The financial risk to the Council is that repairs and maintenance expenditure exceeds the budgets available. Capital investment helps to keep down repairs and maintenance costs by replacing worn out assets although as noted above there is a limited budget for capital works.
- 7.12 Tenants will be expected to undertake the building safety checks under the new agreements. This may appear daunting however a 'how to' guide and training has already been provided and Camden's FM service may be contracted in.

Project costs

- 7.13 The implementation of the new policy will involve some one-off costs - primarily legal support to draw up the new leases – which are estimated at around £0.2m over several years and will need to be funded from the Council's corporate resources. Other costs such as stock condition surveys would come from existing budgets.

Tenant legal fees

- 7.14 The Council has committed to funding tenant's legal fees connected to migrating to the new tenancy. This will ensure all organisations are independently advised according to their own circumstance. The legal costs are an estimated £0.2m. The costs for this can be met from existing budgets in the Community Impacts Reserves, which are explicitly earmarked to support the resilience of Camden's VCS over next four years.

In summary, the policy is likely to result in an ongoing net cost to the Council due to the formalisation of the repairs costs.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 There are no negative environmental implications arising from this policy. Changes to the repairing obligations held by the Council, combined with the establishment of capital works budgets, creates an opportunity for the Council to undertake

improvement works to increase energy efficiency within its premises. Further, proposals are being developed to invest in energy efficiency measures within VCS premises as part of the Council's Carbon Management Plan.

9. EQUALITIES IMPLICATIONS

- 9.1 A full equality impact assessment has been carried out on the policy (Appendix 5). The findings of this have informed the development of the policy, including the proposed mitigations. Where organisations work with or are run by disadvantaged and marginalised groups, site specific equalities impact assessments will need to be carried out to assess impact and develop mitigations.

10. TIMETABLE FOR IMPLEMENTATION

- 10.1 Following Cabinet's approval, a period of mobilisation will be required of around 3-6 months. Key tasks in the mobilisation phase will include, allocating staff, sequencing organisations for new leases, undertaking valuations and cash flow forecasts, completing social value discount assessments, undertaken any building surveys and further communications with the sector and teams at the Council.
- 10.2 The community spaces programme will run across several years. The intention is that this will commence in April 2023. Subject to final decision, an implementation plan will be developed in consultation with the Cabinet Member for Voluntary Sector, Equalities and Cohesion. This implementation plan will set out rolling 12-month 'forward plan' for lease negotiations. It is anticipated that a minimum of 12 leases will be negotiated each year. The sequence of lease negotiations will be established with consideration of minimising changes in net cash flow for the VCS and Council, expediting implementation where there are benefits of the policy for the VCS, and seeking to priorities lease arrangements where occupation needs to be regularised. Consideration will also be given to site specific issues such as repairs, and the financial circumstances of VCS organisations.

11. Appendices

- Appendix 1: Community Spaces: VCS Rents and Leases Policy
- Appendix 2: VCS Premises List
- Appendix 3: VCS Heads of Terms
- Appendix 4: Social Value Discount Framework
- Appendix 5: Equalities Impact Assessment