

Camden Council
Community Spaces: VCS Rents and Leases Policy

Updated: 6th January 2023

1. Purpose of this Policy

- 1.1. Camden Council is committed to investing in the capacity and innovation of Camden's Voluntary and Community Sector (VCS) – supporting them to lead change in, and with, communities to create resilient, thriving and connected communities across Camden.
- 1.2. The provision of affordable premises to VCS organisations working with, and for, our communities is a central commitment of this ambition.
- 1.3. This policy and accompanying documentation outline how VCS organisations can rent Council owned premises and the framework through which leases and rent levels will be finalised.
- 1.4. This policy establishes a fair, open, consistent and transparent approach to the lease arrangements and rent levels for all VCS organisations occupying specific Council owned properties.
- 1.5. The policy will ensure that Council assets under VCS management are fully maximised for the benefit of Camden residents and that in so doing supports Camden's ambitions for a resilient VCS that responds to resident need.
- 1.6. This policy will supersede the former VCS lease pursuant to the 2012 Cabinet Decision (Community Investment Programme Report, Oct 24, 2012, Appendix 13) and LBC's standard commercial lease(s) where premises and organisations are inside its scope.

2. Key Aims

- 2.1. The policy is reflective of the Council's commitment to providing affordable workspace and delivery space to Camden's VCS, in recognition that of critical importance to the ability of the VCS to be resilient and responsive to resident need. The policy seeks to balance this commitment with the need to ensure that public assets occupied by VCS tenants are well maintained, fully maximised and deliver value for the benefit of Camden residents.
- 2.2. The aim of the policy is to introduce a fair, consistent and transparent approach to the way in which properties are valued and rents are set; how discounts are applied to VCS organisations; the occupational terms offered to the VCS; and the way in which premises are allocated to VCS organisations.
- 2.3. This will be achieved through the framework set out in this policy, in particular through a fair, consistent and transparent approach to:
 - **Head of Terms:** The terms of occupation offered to VCS tenants
 - **Valuation and Rent Negotiation:** Setting rents for properties occupied by VCS tenants
 - **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

3. Policy Scope

- 3.1. This policy applies to all Council premises that have been listed for VCS use.
- 3.2. This policy does not apply to premises occupied under a temporary or meanwhile use.
- 3.3. An organisation's status as a VCS group will be determined by its 'not for personal profit status' and will include different types of incorporated organisations.

4. Policy Features

- 4.1. There are five key elements of this policy which will determine the allocation and overall terms of occupancy for VCS organisations in Camden's premises:
 - A list of VCS premises
 - An open and transparent allocations process
 - A valuation and rent negotiation process
 - A Social Value rent discount process
 - A VCS lease through bespoke Heads of Terms

Premises List

- 4.2. A list of premises to which this policy applies will be held by the Council.
- 4.3. Camden may add or remove premises from this list. Any decision to remove a property will be taken by the Cabinet Member for Finance and Cost of Living, and the Cabinet Member for Voluntary Sector, Equalities and Cohesion, in consultation with the Executive Directors for Supporting Communities, Supporting People and Corporate Resources, or equivalent officers or Cabinet members.
- 4.4. VCS organisations can obtain a lease for properties not included in Camden's VCS portfolio. However, these premises will be at the advertised market value and terms. Occupancy of premises not included in Camden's VCS list of properties by a Charity will not infer a right to qualify for the VCS rent discount or other VCS terms.

VCS Premises Allocations Process

- 4.5. Premises will be allocated through an open, transparent, and competitive process, enabling organisations in the sector to express interest in the site. Premises will be advertised through Camden's website and/or appropriate communications channels with the VCS.
- 4.6. Allocations will consider the desired social value for the space, which will be established with key stakeholders. This will be based on an assessment that may include existing provision, local and borough-wide need, an equalities assessment, the Councils intention, and the nature of the premises.
- 4.7. Any expressions of interest in a site will be assessed through criteria, which will include factors such as the ability of the organisation to deliver the desired social value and improve outcomes for residents, the fit between the organisation's

activities and the premises, the ability of the organisation to manage the premises and the conditions of the lease, and the organisation's finances and ability to pay the discounted rent.

- 4.8. From time to time, it may be necessary to bypass this process (4.6) for the purposes of good estate management. This could include, but is not limited to emergency response, managing difficult or complex sites or for short term lets of a meanwhile use nature. For example, to decant an organisation out of their regular premises during major repairs or to encourage an organisation downsizing to a better suited property, etc.

Valuations and Rent Negotiation Process

- 4.9. Any property let to the VCS under this policy will be valued for a 'market rent', and in most cases a discount will be applied if the VCS organisation accepts the VCS lease.
- 4.10. The 'market rent' for each premises will be established through a valuation undertaken by a suitably qualified professional within the Council. The rental valuation will be calculated by a 'like for like' benchmarking exercise against similar premises, used for similar purposes, in similar condition, in similar locations, let on similar terms.
- 4.11. The rents will be proposed to each tenant as part of the lease negotiation process. The tenant will be able to present evidence of rent charges for other comparable buildings to negotiate a different rental valuation. For Rent Reviews where reconciliation has not been established, third-party valuations will be utilised.
- 4.12. The 'market rent' is the value that will be discounted and is the rent that will appear on the lease (the reserved rent).
- 4.13. Improvements to the property made by a tenant will not be included in market rental valuations for that tenant for a period of 21 years from the date work was completed.

Social Value Rent Discount

- 4.14. A discount of no less than 50% of the agreed market rent will be provided to VCS organisations that meet criteria of Camden's published 'Social Value Framework', and who have a signed VCS lease.
- 4.15. The 'market rent' and any discount will be written into the lease agreement with the social value criteria and Service Level Agreement appended as a schedule to the lease.
- 4.16. Should the organisation cease to meet the qualifying social value criteria, then, the discount will be rescinded, and the group may continue occupation at the reserved 'market rent', subject to any further action.
- 4.17. A process, detailed in the Social Value Framework, will be put in place to advise the tenant on steps needed to avoid the removal of the discount and/or to achieve reinstatement of the discount. Where this process is not successful, the Council do reserve the right to gain possession as a last resort. The Social Value process is

also intended to consider 1. the suitability and 2. the ability of the VCS to manage the building safely and in line with good practices.

- 4.18. Regardless of their status as a VCS organisation, organisations that do not meet the Social Value criteria will not be eligible for the rent discount and the reserved rent (the 'market rent') will be due.
- 4.19. No Social Value discount will be provided for a building that is not listed in the Council's VCS property list, regardless of whether the organisation meets criteria of the Council's Social Value Framework not.
- 4.20. A detailed Social Value Framework accompanies this policy. It may be reviewed and revised from time to time.
- 4.21. Unless specified otherwise, all figures detailed in the Social Value Discount Framework, including annual income thresholds, will be index linked to RPI and adjusted annually.

Heads of Terms and VCS Lease

- 4.22. VCS leases will be negotiated through standardised published Heads of Terms. The VCS lease will clearly set out the obligations of the landlord and the tenant and will be accompanied by a 'Tenants Handbook' for VCS tenants.
- 4.23. The VCS lease (based on the Heads of Terms) will enable charities to operate more effectively than with a commercial lease, through standardised terms (e.g., repairs) and greater flexibility (e.g., tenant notice period), which are justified through tenants evidencing the social value that is generated. In addition, the discounted rent is reflective of the greater restrictions on some use of the building (e.g., sub-letting).
- 4.24. The tenants rent discount will be reviewed regularly through the Social Value Framework. This will include an assessment of eligibility, suitability and ability of the tenant to operate as an organisation, manage the space safely, and demonstrate social value outcomes.
- 4.25. The tenant is expected to be able to engage with the social value discount process, in order to benefit from the discount.
- 4.26. Unless specified otherwise, all figures in the Heads of Terms will be subject to inflationary increases, such as repair thresholds, etc.
- 4.27. Terms of 3-20 years are available. Tenants may request any period between this duration. The Council may offer less than 20 years but only for good reasons identified at the time.

5. Policy Implementation, Mitigation and Equality Considerations

- 5.1. All organisations occupying Camden's premises are required to have a valid (written) form of occupation agreement, whether a lease, licence, or tenancy at will etc. A tenancy at will or similar, will be issued to organisations without a written

agreement prior to a lease where courts are unlikely to recognise a statutory tenancy.

- 5.2. In rare cases, where an organisation is in occupation but unable or unwilling to sign an occupation agreement, the Council will consider all legal options which may include offering a standard commercial lease at a market rent. Notwithstanding this, the Council may take other actions and the Council will reserve the right to take legal action to establish tenure.
- 5.3. It is necessary to support VCS tenants while this policy is introduced. To this end, the Council retains the right to use reasonable endeavours, including (but not limited to) phasing in rents or providing financial support, or in-kind support such as training or advice to organisations to enable their transition to the conditions of this policy. These mitigations will be informed by an assessment of affordability and capacity and will be dependent upon VCS organisations reviewing and identifying, in good faith, options to reduce expenditure or increase income.
- 5.4. Camden is committed to using reasonable measures to meet the tenants' legal costs connected to taking on a new lease. This can include, but not limited to, a rent-free period or grant.
- 5.5. The Equality Impact Assessment (EIA) carried out in the development of this policy stipulates that, where appropriate, site specific EIAs should be carried out at key decision points such as lease negotiation, allocation, change of use, etc. in order to ensure that equalities, diversity and disproportionality impacts are fully considered as part of any decision-making process.

6. Appeals and Dispute Resolution

- 6.1. Without prejudice to tenants' rights, complaints in relation to this policy will be managed in line with the Council's complaints process.
- 6.2. Without prejudice to the usual binding third party mechanism for rent review determination in the lease, VCS tenants may request in writing a review of valuations, discounts, and other matters related to this policy, to ensure that this policy is implemented in a fair, open and transparent way.
- 6.3. At no point should these processes be used to frustrate the settlement of disputes, and will not replace any legal rights that the tenant may have

7. Changes to this Policy

- 7.1. The Council as a whole will be jointly responsible for implementing Camden's Community Spaces: VCS Rents and Leases policy, and will oversee interpretation of this policy and, if necessary, minor operational revisions elements of this policy including the valuation process, Social Value Rent Discount process and Heads of Terms.
- 7.2. Any decision to substantively change or amend this policy or elements of this policy including the valuation process, Social Value Rent Discount Framework, and Heads of Terms will be made by the Cabinet Member for Finance and Cost of

Living, and the Cabinet Member for Voluntary Sector, Equalities and Cohesion or equivalent.

8. Accompanying Documents

8.1. The following documents from the Cabinet report of Jan 2023 (SC/2023/02) form part of the over-arching rents and leases policy:

- VCS Heads of Terms
- Social Value Discount Framework
- VCS Premises List
- Equality Impact Assessment

9. Documents Referred to in the Creation of this Policy

9.1. This lists relevant documents and policies referred to in the drafting of this policy.

- Cabinet Report: Community Spaces: Voluntary and Community Sector Rents and Leases Policy (SC/2023/02) Jan 2023
- Cabinet Report: Community Spaces: A review of rent and leases for Camden's Voluntary and Community Sector (SC/2020/01) Feb 2020
- Culture and Environment Scrutiny Cabinet: A New Strategic Relationship with the Voluntary Sector (S&OD/2015/02)
- Cabinet Report: Community Investment Programme 24 October 2012 Appendix 13