

Divisions Affected – All

CABINET

17 December 2024

Community Asset Transfer Policy and Leases to the Voluntary & Community Sector

Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. The Cabinet is **RECOMMENDED** to —
 - a) Note the recommendations contained in the body of this report and to consider and determine its response to the Place Overview and Scrutiny Committee, and
 - b) Agree that relevant officers will continue to update Scrutiny for 12 months on progress made against actions committed to in response to the recommendations, or until they are completed (if earlier).

REQUIREMENT TO RESPOND

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and any recommendations.

INTRODUCTION AND OVERVIEW

3. The Performance Overview and Scrutiny Committee considered a report on the Council's Community Asset Transfer Policy and Leases to the Voluntary and Community Sector (VCS) Tenants at its meeting on 15 November 2024.
4. The Committee would like to thank Cllr Dan Levy, Cabinet Member for Finance, Vic Kurzeja, Director of Property and Assets, Ian Dyson, Director of Financial and Commercial Services, Michael Smedley, Head of Estates Asset and Investment, and Emily Urquhart, Policy Officer – Inclusive Economy Lead, for preparing and introducing the report, and for attending to answer questions.

SUMMARY

5. The Cabinet Member introduced the report, noting that the relationship with voluntary groups had become unclear, with two separate issues – what the Council does with its property portfolio, and how it supports the work of the VCS – having become closely entwined. The purpose of the recommendations in the report before the Committee was to illustrate how the two important issues could be successfully disentangled. The focus of the report was written primarily from a property team perspective, but it was important to be clear that the Council was nonetheless fully committed to supporting VCS groups who were Council tenants and, indeed, those who were not.
6. In response to the introduction, the Committee began its questioning. Topics explored by the Committee included: local member responsibilities and involvement in discussions around properties in their areas; balancing the tension between commercial and social value outcomes; the length of time it was taking for some properties to find uses and the commercial and resident-relation impacts of such delays; partnership working; and effective and equitable governance procedures.
7. The Committee makes three recommendations, focusing on member involvement, communications, and operating more effectively with key stakeholders. Further to this, the Committee makes one overriding observation as to the value of services typically provided by VCS organisations to whom the Council leases property.

RECOMMENDATIONS AND OBSERVATIONS

8. As referenced in the summary of discussion, there is some degree of tension between the Council's commercial imperatives and ambitions and its social value ambitions. The report to the Committee showed that the 92 leases to voluntary sector organisations generated an average of £3500 in income each. By the time rent payment risk, repairs and maintenance, and administrative costs are factored in, does the value accrued to the Council by the tenants of leased buildings outweigh the foregone income of renting on a commercial basis? This is a particularly pertinent question in light of the other discussion held by the Committee on the same day which detailed the Council's movement towards becoming more commercial in its approach.
9. The Committee takes on board the comments made in response to this challenge, namely that overall value generated is what is important, not its source. The Council has options to leverage the value of its estate for the benefit of residents in different ways. These charging commercial rents and recycling the value produced into Council services, or charging below-commercial rents to organisations generating high social value through their activities, both of which are legitimate means of enhancing the lives of local residents. Ensuring

that all properties are being used and generating value in the most appropriate way possible is therefore a key challenge for the Council.

10. The Committee wishes to express its support for this approach, but it is concerned that, with a growing move towards commercialisation in the Council, there is a danger that this balance might shift in the future. The benefits and value of commercial rent are easily understood and immediate. The social value of VCS tenants – the outputs of allowing day centres, children’s centres and libraries – are more indirect and subtle, but in the Committee’s view carry significant cumulative benefits for both users and, ultimately, for the Council itself through reduced demand on other services. It would not be difficult, however, for those long-term and indirect benefits to be overlooked in the future, and the Committee wishes to place on record its wish that this does not happen.

Observation 1: That the social benefits provided by buildings provided to VCS organisations were difficult to quantify, but nonetheless significant.

11. This section is prefaced by the fact that the Committee was advised of ‘likely next steps’ rather than agreed actions, of which one was that ‘the Council continues to hold a dialogue with current and prospective tenants in the VCS sector about their needs to understand any issues/barriers early and prevent risks to tenancies later down the line.’ The following recommendation assumes the Council will proceed with this action.
12. The Committee’s response to this action is one of support. However, it is noted that there is no reference made to the inclusion of local members in such discussions. VCS groups are likely to seek the support of the local member in almost any scenario, whether it be for reassurance that a lease will continue or maintenance undertaken, for help in finding alternative ways of continuing operations if a lease is to finish, or help with developing and testing a business plan if a lease is to be commenced. Consequently, it makes sense for the local member to be aware and to be involved at the earliest opportunity, so that they have the best opportunity to provide the necessary support. As such, the Committee’s recommendation is that local members should be involved in any such dialogue as a matter of course.
13. Related to the observation above, discussions about issues and barriers to tenancies are necessary and prudent. However, as explained previously, recognition must be made in such instances that many of the risks are easily quantified, whereas the benefits are not. The Committee seeks that all discussions about future use of property gives full consideration to both risk and reward, and it hopes that member involvement may support this.

Recommendation 1: That the Council ensures that local members are involved with next-step discussions with VCS groups and the social value provided by these organisations be considered as part of the discussions.

14. Empty and under-used properties are highly visible, which means that residents are keenly aware of missed opportunities or the loss of character of an area by having long-term unused buildings. Having said this, the Committee appreciates that sometimes taking a commercial approach can require delays. For instance, it can take a significant time to go through the full process of identifying opportunities, developing proposals for and then seeking planning permission prior to a sale, which would ultimately increase the sale price and returns to the Council. Equally, it is recognised that changes have been made internally which will reduce this in the future; four-year business planning, for example, will allow surplus properties to be identified further in advance and allow greater preparatory activity to be undertaken whilst the properties are still in use.
15. In light of the above, the Committee's issue is not so much in the fact of the Council's empty properties, but its communications around them. Residents are unaware of the work that is often going on behind the scenes. They simply see the empty buildings and ask the local member, who equally does not know what is happening. This is frustrating for all involved and paints the Council in a worse light than its efforts deserve.
16. The Committee's suggested solution to this problem is: i) sharing with members a clear statement of the aspiration and timeline for disposing of properties listed for disposal, ii) a quarterly report/update summarising recent events and developments with Council land/property ensuring all parties are kept up to date, and iii) regular updates for those residents neighbouring vacant Council properties to keep them up to date with ongoing developments and plans. Doing so would set expectations more realistically and evidence the work being undertaken, which would lessen any frustrations experienced by the public.

Recommendation 2: That the Council improves communications around empty properties, including: i) sharing with members a clear statement of the aspiration and timeline for disposing of properties listed for disposal, ii) a quarterly report/update summarising recent events and developments with Council land/property ensuring all parties are kept up to date, and iii) regular updates for those residents neighbouring vacant Council properties to keep them up to date with ongoing developments and plans.

17. Finally, it must be remembered that the County Council is not the only organisation VCS groups may approach when seeking accommodation. If the County Council is being approached, the district and/or city councils are likely to be also. In other instances, the NHS or major private landowners such as the Oxford colleges or major estates may be approached. In committee, it was determined that there is not a systematic way of sharing information appropriately with other local organisations. This is a missed opportunity as it can help reduce duplication or wasted effort in different organisations trying to support the same prospective VCS tenant, but it also reduces the opportunity to plan and place-shape in partnership with these organisations more effectively.

18. For instance, the Council was unable to provide a site to the Hindu community in Oxfordshire, but the City Council did have a former sports pavilion which could be developed. It is not known what level of partnership working was undertaken in this particular instance, but it is known that the Council's interest and involvement rarely ends at the point where it is unable to provide accommodation. Early and systematic sharing of information between relevant parties would allow earlier awareness of potential issues and allow more time to plan to mitigations, such as traffic issues, for example.
19. As representatives of their local community, members also wish to be kept informed of the demand for Council land by VCS organisation, the land currently available and intended upcoming leases to contribute their on-the-ground knowledge and improve outcomes accordingly.

Recommendation 3: That the Council develops processes for sharing with both members and sister organisations in the county, i) lease requests by VCS organisations, ii) land available for VCS leases, and iii) any planned leases.

FURTHER CONSIDERATION

20. The Committee is not anticipating having this item return as a formal item. However, it hopes that the Cabinet will take on board its suggestion for improved communications, and that members will be availed of progress through this.

LEGAL IMPLICATIONS

21. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.'
22. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex: Pro-forma Response Template

Background papers: None

Other Documents: None

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