Dear Cllr Campbell and Maxine Holdsworth,

We are writing to raise serious concerns regarding the proposed Voluntary and Community Sector (VCS) Leasing Policy and the Council Asset Strategy 2026-30, which was presented to the Overview and Scrutiny Committee on 8th July and is intended to progress to the Leadership Team for a decision in September.

Our letter has been developed in dialogue with a number of voluntary and community organisations potentially affected by the proposals, including organisations appearing on the Council's VCS asset list. Several of these organisations tell us that they were not consulted on the proposed policy or aware of its existence.

We find this deeply concerning, particularly given the significance of the changes being proposed. We believe there remain significant unresolved questions that need to be answered before the policy progresses any further.

Affordability and the use of Rateable Value

Our principal concern is affordability.

It is concerning that this policy proposes to align rents for community properties with Rateable Value (RV), subject to a discretionary discount of up to 50%, without making available the property-level financial modelling necessary for affected organisations to understand what this would mean for them.

Rateable Value does not necessarily reflect the financial capacity of a community organisation occupying a property. This is particularly significant in Kensington and Chelsea, where property values are exceptionally high. Even after a 50% discount, the resulting rent could represent a substantial increase for organisations that have historically occupied Council properties through subsidised or peppercorn arrangements.

If affordability was one of the problems identified through the VCS Property Review, what evidence demonstrates that moving Community Properties to an RV-based rental model, with a discretionary discount of up to 50%, will improve rather than worsen affordability?

Before the policy progresses to Leadership, affected organisations should be able to understand its likely financial consequences. At a minimum, this should include a comparison between current rents and subsidies and the indicative rents that would apply under the proposed framework.

Affected organisations cannot meaningfully assess or respond to a proposed leasing policy without knowing what it is likely to cost them.

Longer leases do not provide security if organisations cannot afford them

We support the principle of longer and more secure leases. However, security of tenure is only meaningful if that tenure remains affordable.

There is a contradiction in offering organisations longer leases to enable capital investment while simultaneously introducing rental arrangements which may substantially increase their ongoing costs.

This concern is heightened by the fact that the proposed discount is discretionary and set at up to 50%, and the policy indicates that discounts should generally be temporary.

An organisation considering a long-term lease and significant capital investment needs reasonable certainty about its occupation costs over the lifetime of that lease. The proposed arrangements do not appear to provide that certainty.

The impact extends beyond the lead tenant

Council-owned community buildings frequently support far more organisations than the organisation named on the lease.

Lead tenants may provide rehearsal rooms, storage, meeting space, offices and activity space to smaller organisations or informal community initiatives whose continued operation may depend upon affordable access to these buildings.

These organisations may not appear as the principal tenant, but they could nevertheless be significantly affected by the policy.

If rent, business rates, maintenance or utilities increase for the lead tenant, those costs may ultimately be passed on through increased room hire, rehearsal, storage or subletting charges.

This is particularly important because the Council's own Asset Strategy envisages multi-use buildings becoming increasingly the norm.

It would therefore be contradictory to promote shared use while assessing the impact of property decisions only through the organisation holding the lease.

Serious concerns about the reach of consultation

We are aware of multiple organisations appearing on the VCS asset list which tell us that they were not consulted, did not receive the policy and were unaware that it had progressed to Overview and Scrutiny or was due to be considered by Leadership.

If organisations directly within the scope of the policy had not been reached or given the information necessary to understand its financial implications, it is difficult to see how they could have had a meaningful opportunity to scrutinise or influence it.

Equality and equity implications

There are also significant equality and equity concerns.

A number of the organisations potentially affected indirectly through shared community buildings are Black or minority ethnic-led.

If these organisations have not been systematically identified because the Council's analysis begins with its direct tenancy relationships, their potential exposure to increased occupation costs may also be absent from the assessment of the policy.

The Council should assess both direct and indirect impacts, including the potential for increased property costs to be passed through to secondary occupiers and users, and the cumulative effect this could have on organisations serving protected groups.

The Leasing Policy cannot be considered separately from the Asset Strategy

There appears to be an important inconsistency between the VCS Leasing Policy and the wider Asset Strategy.

The Leasing Policy sets out a transparent competitive process through which vacant Community Properties can be advertised and community organisations given an opportunity to apply for them. However, the Asset Strategy simultaneously proposes consolidation of the community estate and the release or disposal of properties.

15 Gertrude Street illustrates the problem. It appears on the VCS asset list as a vacant property, which would appear to suggest that it could be made available through the competitive allocation process set out in the Leasing Policy. Yet the Asset Strategy identifies 15 Gertrude Street for potential disposal.

This raises a fundamental question about how the two policies operate together. If a vacant property can be removed from the community estate and earmarked for disposal before the VCS allocation process is applied, then the promise that vacant Community Properties will be openly advertised does not, in itself, guarantee greater community access to Council property.

The more consequential decision happens first: which vacant buildings will actually be retained as Community Properties and made available for community organisations to bid for, and which will be disposed of?

Without clarity on this, the result could be a more transparent competitive process for a shrinking pool of community assets.

Before the policies progress, the Council should publish the criteria used to determine which vacant or released properties are retained for community use and which are disposed of. Local need, social value and opportunities for continued community use should be assessed before community assets are removed from the estate.

Reference to the Kroll Report

Finally, the VCS Leasing policy paper opened with a reference to the Kroll Report, attempting to shine a positive light on the way that RBKC had operated before the Grenfell Tower fire. This was a gross mis-characterisation of the ethos of the Kroll Report and is deeply offensive to bereaved and survivors of the Grenfell Tower fire. We ask that any reference to the Kroll Report be removed from any future iteration of the VCS Leasing policy and that the Council make a formal apology for its inclusion in the original draft.

The policy should not progress to Leadership until these issues have been addressed

Given the significant unresolved issues set out above, the VCS Leasing Policy and Asset Strategy should not progress to Leadership in September. Consideration by Leadership should be postponed until the Council has taken the following steps:

1. Publish the VCS Property Review which informed the development of the Leasing Policy.
2. Publish property-level financial modelling, including current rents and subsidies, Rateable Values and indicative rents under the proposed framework.
3. Publish the rationale and evidence underpinning the use of Rateable Value and the discretionary discount of up to 50%.
4. Clarify how existing subsidies, concessions and peppercorn arrangements will be treated when leases are renewed.

5. Publish the criteria and methodology used to classify properties as Commissioned Service, Community or Commercial.
6. Demonstrate how affordability has been assessed, including total occupation costs and the impact over the lifetime of a lease.
7. Clarify how the condition of individual properties has informed the proposed rental arrangements.
8. Publish the Equality Impact Assessment and ensure that it considers indirect and cumulative impacts on secondary occupiers and users.
9. Identify and meaningfully engage organisations using affected properties beyond the lead tenant, as well as organisations on the VCS asset list which have not yet been reached through the consultation process.
10. Publish the criteria and decision-making process used to determine whether vacant properties and properties released through consolidation will be retained for community use, offered through the VCS Leasing Policy, commercially let or considered for disposal.
11. Remove mention of the Kroll report from any future iteration of this policy and apologise for its inclusion in the original draft.

Given the proposed timetable for the policy to progress to Leadership in September, we expect a substantive response to the concerns and requests set out in this letter by Monday 7th September.

Regards,

Coalition Against Asset Stripping