

MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 3 October 2023 at 7.00 pm

IN ATTENDANCE: Councillors Mark Ingleby, Ese Erheriene (Vice-Chair), Chris Best, Joan Millbank, Stephen Penfold, James Rathbone, James Royston, Rudi Schmidt (Chair), Luke Sorba and Liam Shrivastava

ALSO PRESENT: Councillor Brenda Dacres (Deputy Mayor and Cabinet Member for Housing Development and Planning), Charlotte Dale (Head of Scrutiny and Policy), Patrick Dubeck (Director of Inclusive Regeneration) and Kplom Lotsu (SGM Capital Programmes)

ALSO PRESENT VIRTUALLY: Tom Brown, Helen Buttivant, Councillor Coral Howard, Dr Catherine Mbema and Spike van der Vliet-Firth

NB: Those Councillors listed as joining virtually were not in attendance for the purposes of the meeting being quorate, any decisions taken or to satisfy the requirements of s85 Local Government Act 1972

1. Minutes of the meeting held on 4 July 2023

1.1 **RESOLVED:** That the minutes of the meeting held on 4 July 2023 be agreed as an accurate record of proceedings.

2. Declarations of Interest

2.1 None declared.

3. Response to the Community Food Growing and Workspaces Task and Finish Groups

3.1 The Committee discussed the Mayoral response to the Community Food Growing Task and Finish Group (TFG) and heard from Catherine Mbema.

3.2 The creation of a new fixed term "Community Food Growing Officer" post, using one-off funding from the Public Health Grant, to kick start work in the food justice and community food growing arena was welcomed. It was noted that this would not duplicate the work of members of the "Good Food Lewisham Team" at Lewisham Local.

3.3 Councillor Howard, Chair of the Community Food Growing TFG, welcomed the response and highlighted the importance of this policy area given the cost of living crisis and the positive benefits that community food growing could have on mental health. She reported that Members of the (now disbanded) TFG would be very interested to find out more about how the new post would be oriented, and how it might provide support to both food

justice and the excellent, but under resourced, work of the “Good Food Lewisham Team” at Lewisham Local.

3.4 The Mayoral response to the Workspaces TFG was discussed and welcomed by the Chair of that body, Councillor Schmidt. Councillor Ingleby also commented on the response and the need to keep the affordable workspace strategy under review. In response to a question from Councillor Millbank, the Committee discussed meanwhile use and the balance between ensuring sites could be utilised for community benefit prior to development, and ensuring their intended future use could still be secured without impediment. With respect to meanwhile use, Patrick Dubeck suggested that there needed to be a fair split on liability for building maintenance, in order to protect the Council’s interests but also, to not deter groups who could ensure a beneficial use of the space.

3.5 It was noted that the workspace provider forum was well attended and affordability for providers and those using the workspaces was considered, although the Council’s first duty was to secure value for money for its residents, rather than subsidise people using workspaces for their own commercial activity.

3.6 **RESOLVED:** That the responses be noted.

4. Membership

4.1 It was noted that the membership of the Private Rented Sector TFG had been agreed at the Overview and Scrutiny meeting on 4 July 2023, but that Councillor Cooper was now a member of the Executive and could no longer serve on the TFG.

4.2 **RESOLVED:** That Councillor Stephen Penfold be appointed to the Private Rented Sector Task and Finish Group in place of Councillor Will Cooper.

5. Asset Management

5.1 The Chair introduced the item and Patrick Dubeck introduced the report. It was noted that the Council was responsible for an eclectic portfolio of circa 900 assets and a new asset management strategy was currently being developed. It was further noted that important considerations in the development of the strategy included maintaining operational assets; meeting statutory obligations; supporting corporate priorities; and effectively dealing with deteriorating assets. Other points noted in the introduction:

- Regularising the leasing and other arrangements pertaining to community centres was being looked at presently. (Amongst other things, this would ensure that sub tenants were not inappropriately benefitting from subsidies; and nurseries operating from community centres paid fair rents as commercial businesses).
- Disposals were an important source of income (generating money that could be reinvested) and often sensible, where assets were in very poor condition

- Acquisition opportunities could be difficult to take advantage of, given current financial constraints.
- Partnership working was important and could assist in meeting locally shared objectives.

5.2 In the discussion that followed, the following key points were noted:

- The consultants assisting with the development of a new asset management strategy had been selected after an open procurement process with five responses to tender.
- Historical record keeping around assets was poor; many acquisitions and disposals occurred prior to computerisation and paper records had not always been kept correctly. Digitisation of all asset records was a council aspiration, but the priority was understanding significant/important assets.
- It was accepted that the asset register on the website might not be 100% accurate, including current usage, but officers were confident that all 'built structures' owned by the council were on the register. Work was ongoing to ensure the categorisation of assets was up to date.
- There were tried and tested ways of establishing an asset's financial value but social value was harder to quantify. For community assets a value figure proxy for social value was established.
- A 'red book' valuation would take place first with best value considerations considered. Economic, monetary and social value were all important.
- Best value was ensured in a variety of ways and rent reviews were a good opportunity to take stock.
- Where a peppercorn rent was charged the difference between that rent and market rent was effectively the council subsidy, provided in exchange for the social value generated for the community from the asset.
- There was a desire to move towards longer leases as any repairs/associated liabilities were more manageable for the tenant and they would find it easier to raise funding if they had a long lease.
- Non-key decisions were delegated to officers. Some committee members felt that councillors should still be consulted on non-key decisions if the assets were key community assets.
- If a community asset was earmarked for disposal officers would need to make an assessment on the community provision available/planned locally. Officers would also carry out an EIA prior to declaring an asset surplus to service requirements.

- New developments might create new community assets not owned by the Council.
- A change of use from community use would require consultation with the local planning authority (the Council).
- The corporate estate management plan focussed on the asset repairs needed in relation to operational assets. £4.9m of repairs was scheduled for the current 3-year programme to 2024 – there was insufficient funding to complete all the repairs identified in the 2018/19 condition reviews – compliance was the baseline. Sometimes assets were mothballed as the capital cost of investment was not affordable but the case for disposal was not compelling.
- Disposals brought in one-off money, the opportunity cost was future usage. Disposals tended to be a last resort, the value of a one-off capital receipt needed to be carefully considered. It had to be accepted that some of the Council’s assets were beyond repair for the Council.
- The Asset Review Board considered all potential options for assets, including disposal but also change of use. Ward members were also consulted on significant changes and every disposal.
- Identifying grant funding and other additional funding was essential for most Council asset projects to go ahead.
- There might be a business case for some Adult Social Care investment due to the need having a statutory basis.
- The Mayow Road independent living units were a good example of investing to save, but the health system was poor at identifying the need for capital investment in housing propositions. The Health sector tended to focus almost completely on the clinical estate. Nonetheless, there were sites where the Council was keen to work with the NHS and was actively trying to unlock barriers.
- Taking a place-based approach to asset management was important, especially with regard to the creative sector.
- No decision on the “Willow Way” project had been taken yet but a feasibility study had resulted in options.
- A wide range of structures were always considered in order to manage financial exposure.
- The Southwark Land Commission had made a range of recommendations and Lewisham’s Asset Management Strategy would pick up on many of the Commission’s themes.
- It was noted that Southwark had disposed of a lot of assets and delivered a lot of private housing so was in a different position to Lewisham on land.

- Lewisham had a history of community land use, stretching back to the 1980s Walter Segal cul-de-sac in Honor Oak to, more recently, Citizens House in Sydenham. However, providing council land for free required its utility for other purposes to be considered and community land use was not always the best, or fairest, option.
- Officers tried to be as responsive as possible to enquiries about the community use of vacant assets and would test business cases if appropriate. Letting a property for less than market value required a lot of due diligence.
- The Council had been prudent not to engage in high risk commercial acquisitions like some councils, but some acquisitions did take place and were driven by need (e.g. temporary accommodation provision). If agents approached the council with potential opportunities, officers would investigate these, subject to capacity. However, generally the council had sufficient land in relation to its capacity to finance activity on it.
- Garages were reviewed as usage could be low, but some tenancies required access to a garage. Garages only tended to be useful for a change of use if they could be clustered. Sometimes they could be used creatively, for example as rehearsal space.
- The Local Plan, which governs land use in the borough, involved a high level of public consultation. There was no capacity to publicly consult on a site by site basis but consultation in the planning domain was integral.

5.3 The Committee discussed the climate emergency in relation to asset management and the following points were noted:

- De-carbonisation surveys were being carried out and around 30 operational sites had been surveyed thus far. The surveys had identified that the cost of decarbonisation for these 30 sites alone would be upwards of £30m. The corporate management plan currently had approximately £5M on a 3-year programme to 2024 to deliver essential backlog repairs to the operational estate. This was much less than what was required to deliver improvements to the estate.
- Government decarbonisation funding only provided between 10 and 20% of the funding required, the market was not very sophisticated yet and installing a gas boiler in a commercial building was around 3-6 times cheaper than the green alternative which would require substantial additional work to improve the fabric of the building.
- Officers were working with the Cabinet Member to develop a clearly costed plan for decarbonisation and external funding would be required given the level of government funding available. (It was noted that it was also difficult to bid for funding as insufficient time was often given to make the bid).

- It would be important to ensure that the refurbishment of Lewisham Library using Levelling Up and other funding, ensured that the building was effectively retrofitted.
- It was easier to quantify the costs of decarbonising housing stock as this could be done *en masse*, due to the low level of variation between properties.
- Maintaining a smaller, but higher quality estate would assist the Council’s environmental aspirations. Another organisation might be able to fund the decarbonisation of the disposed asset and the Council could use the capital receipt to fund the decarbonisation of its retained assets. Sitting on a degrading asset was not environmentally responsible.

5.4 **RESOLVED:** That a referral be made to Mayor and Cabinet recommending that:

1. The asset management strategy should come to the Overview and Scrutiny Committee prior to its consideration by Mayor & Cabinet (at the Committee’s meeting on 6 February 2024, if timelines allow)
2. There should be a wider consideration of the value of land - its economic value, geographical location and social value should all be key considerations in the decision-making process for the development or disposals of assets
3. Master planning for the long-term use of the Council’s assets should take place, including combined use, creative zones and industrial units
4. The Council should consider a wider acquisition strategy
5. A more ambitious investment partnership strategy should be adopted
6. All assets proposed for disposal or change of use should be highlighted to scrutiny, and ward councillors, including those below the key decision threshold of £1.5m*
7. Equalities considerations should be part of all asset management decisions, with Equalities Analysis Assessments (EAAs) carried out where required
8. Ongoing clarity should be provided in relation to existing and potential plans for meeting net zero ambition, including planned and necessary works, as well as secured funding and gaps.

**This recommendation was not unanimous (Councillor Rathbone opposed).*

The meeting ended at 9.40 pm

Chair: _____

Date: _____