

OVERVIEW AND SCRUTINY COMMITTEE

11th December 2012

POLICY FOR LEASES OF COUNCIL LAND & PROPERTY AT A CONCESSIONARY RENT

Relevant Portfolio Holder	Councillor Mould, Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

Members are requested consider a draft policy for the granting of rent relief/concessionary rents to voluntary sector organisations.

2. RECOMMENDATIONS

The Committee is requested to RECOMMEND that

- 1) the Draft Policy attached at Appendix 1 to the report be approved, and implemented with immediate effect for new tenancies;**
- 2) transitional arrangements be introduced with effect from 1st April 2013 to allow the policy to be fully implemented over a three year period taking into account the terms of existing leases; and**
- 3) authority be delegated to the Head of Finance and Resources in conjunction with the Council's Voluntary Sector Grants Co-ordinator to approve concessionary rents/rent relief in line with the draft policy attached at Appendix 1 to the report.**

3. KEY ISSUES

- 3.1 There has been a lack of consistency with regards to the rents for non-operational property by community/voluntary groups. Officers have delegated powers to approve rent reviews and new leases at the 'market' rent. Any requests for concessionary rents/rent relief must be approved by members via a formal report to the Executive Committee. There are no criteria at present for determining the level/scale of the concession. This process operates in isolation of the Grants Programme for the Voluntary and Community Sector. The need to report to Committee places a delay in the lettings process due to the timetable for the production of committee reports.

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- 3.2 The creation of a new clear policy should ensure that all grant applications from local voluntary sector organisations are treated equitably. It should enable quicker decisions on each application to be made by reference to the new policy criteria. Having clear criteria in terms of approving or rejecting applications should be open and transparent in much the same way as the Council's general grants process.
- 3.3 A number of voluntary sector organisations who currently occupy Council properties will not be paying rents that match the criteria proposed in the new policy. In order to equalise the arrangements in terms of the level of concession/rent relief enjoyed by each organisation and avoid imposing significant rent increases on some organisations it will be necessary to introduce transitional arrangements to allow organisations to adjust over a period of time. When these periods commence will be dependant upon the current position with each tenant. Some tenants will have signed lease agreements whilst others will be occupying on a tenancy at will. It is recommended that a three year period of transition is approved to allow a reasonable period of adjustment.
- 3.4 It is proposed that this transitional arrangement be effective from 1st April 2013 to ensure that support and advice can be given to current tenants for the transition to the new rental charges. Officers have already met with a number of voluntary groups and will arrange further meetings to offer this support and to ensure that the impact on the financial position of the organisations is clear.
- 3.5 In order that the level of financial support to the voluntary sector is recognised it is proposed that the rent relief/concession is treated as a grant (netted off the market rent). The maximum level of concession is proposed to be set at 70% in recognition of the Council's ongoing responsibilities as landlord of these properties.

Financial Implications

- 3.6 The existing arrangements mean that the total support provided to the both individual voluntary sector organisation and the sector as a whole within the Borough is hidden. The support provided by the way of concessionary rents is not taken into account as part of the grants process. The Council currently grants in excess of £100k in terms of rent relief to voluntary sector organisations.

Legal Implications

- 3.7 There are no direct legal implications.

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Service / Operational Implications

- 3.8 The implementation of the draft policy will provide a link between the grants process and the award of rent relief/concessionary rents.

Customer / Equalities and Diversity Implications

- 3.9 The objective of the policy is to enable applications for rent relief/concessionary rents to be dealt with equitably. Current voluntary section tenants are being consulted on the policy.

4. RISK MANAGEMENT

The policy seeks to reduce the financial impact on individual organisations through the use of transitional arrangements and the availability of an appeals process.

5. APPENDICES

Appendix 1 - Concessionary Rent Policy for the Leasing of Council Land and Buildings

6. BACKGROUND PAPERS

There are no background papers with this report.

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