

# **EXECUTIVE COMMITTEE**

9<sup>th</sup> July 2013

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

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

### **1. SUMMARY OF PROPOSALS**

- 1.1 Members are requested consider a number of amendments to the policy for the granting of rent relief/concessionary rents to voluntary sector organisations and approve the amended policy.

### **2. RECOMMENDATIONS**

**The Executive is requested to RESOLVE that:**

**the updated Policy attached at Appendix 1 be approved, and implemented with immediate effect.**

### **3. KEY ISSUES**

- 3.1. On the 18<sup>th</sup> December 2012 members approved a policy for the awarding Rent Relief Grant to the Voluntary and Community Sector. At the same meeting members resolved that the Portfolio Holder for Corporate Management considers the report of the Overview and Scrutiny Committee and determines whether aspects of its recommendations might be incorporated into the Policy in due course.
- 3.2. A meeting has been held with the Portfolio Holder for Corporate Management to consider the recommendations of the Overview and Scrutiny Committee. The changes accepted by the Portfolio Holder have been incorporated into the revised document attached at Appendix 1. In making the changes the Portfolio Holder has been mindful of the practicality and cost of implementing some of the recommendations.
- 3.3. The recommendations of the Overview and Scrutiny Committee were as follows:
- 1) That any third sector organisation looking to obtain a concessionary rent from the Council be required to submit a detailed business case outlining their plans for a particular property;

**EXECUTIVE  
COMMITTEE**

9<sup>th</sup> July 2013

- 2) that Officers facilitate a series of workshops to advertise and promote the new policy to the third sector in Redditch;
  - 3) that the Council work with the local media and utilise social networks and its own website to publicise the new policy to the third sector in Redditch; and
  - 4) that each approved concessionary rent agreement be for a minimum of five year duration, include a three year break clause, and be monitored on an annual basis;
- 3.3. In addition to above review by the Portfolio Holder the Grants Panel in operating the Policy have proposed a change to criteria for awarding Rent Relief Grant which would if approved increase the number of organisation entitled to the full 70% relief. The Grants Panel have also suggested a number of points of clarity for adding to the scheme criteria.
- 3.4. The proposed changes are as follows:
- 1) The Second Tier criteria in respect of the receipt of grant funding to deliver services **is moved to the Third Tier.**
  - 2) The criteria at the Third Tier regarding the organisation not being in receipt of any funding in respect of rent on their building via external grant funding **is reworded and included as a condition.**
  - 3) The Overview & Scrutiny recommendation that any third sector organisation looking to obtain a concessionary rent form the Council be required to submit a detailed business case outlining their plans for the particular property **has been included as a condition. Rather than a detailed business case the wording states `appropriately detailed.**
  - 4) A further condition has been added in respect of **monies accrued from sub-letting of space/rooms.**
  - 5) The wording of the awarding of Rent Relief Grant for a three year period has been amended to say **a review of continuing eligibility for Rent Relief Grant will be undertaken at three yearly intervals unless triggered by an earlier change in the VSC's circumstances.**
  - 6) The involvement of the **Local Councillor** in the appeals process has been **removed.**

# **EXECUTIVE COMMITTEE**

**9<sup>th</sup> July 2013**

- 3.5. No further action has been taken in respect of recommendation 3.2.(2) and (3) detailed above as each organisation affected by the Policy has been contacted directly. Any other organisations wishing to take up a lease in one the Council's properties will be advised of the Policy at the time of the enquiry.

## **Financial Implications**

- 3.4 The change proposed by the Grants Panel could result in more organisations being entitled to the maximum 70% relief.

## **Legal Implications**

- 3.6 There are no direct legal implications.

## **Service / Operational Implications**

- 3.7. If approved the revised policy will be applied for all future applications for Rent Relief Grant.

## **Customer / Equalities and Diversity Implications**

- 3.8. There is a potential for more organisations to qualify for the maximum 70% relief.

## **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 – Amended Voluntary and Community Sector Rent Relief Grant Policy

## **6. BACKGROUND PAPERS**

Executive Committee report 18<sup>th</sup> December 2012.  
Overview & Scrutiny Committee report 11<sup>th</sup> December 2012..

## **AUTHORS OF REPORT**

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# **EXECUTIVE COMMITTEE**

9<sup>th</sup> July 2013

Appendix 1 – Amended Voluntary & Community Sector Rent Relief Grant

## **Voluntary & Community Sector Rent Relief Grant**

All applications for Rent Relief Grant will be considered by the Grants Panel.

There are three tiers for determining the amount of Rent Relief Grant to be awarded to Voluntary & Community Sector Groups (VSGs). The process includes a provision for VCS groups to appeal\* for a further reduction via the Executive Committee.

### **First tier - 25% Reduction for all VCS groups – this will be determined by the following criteria:**

1. Registered Charity
2. Community Interest Company
3. Social Enterprise
4. Locally recognised Community Organisation

### **Second Tier – Additional 20% Reduction – Above + following criteria**

1. Is providing a service that is addressing the needs of the local community.
2. Employs Staff or has Volunteers or a mix of both to deliver services

### **Third Tier – Additional 25% Reduction – Above + following criteria**

1. Supports Redditch Borough Councils local priorities
2. In receipt of grant funding to deliver services
3. Is capable of, or does maintain the building to the required standards
4. Has a long term plan (three year) for delivery of their service into the Borough\*\*\*

Where more than one organisation is applying to occupy the same premises the Grants Panel's existing scoring criteria will be used to distinguish between the applicants. Property Services will at the same time assist with identifying suitable alternative premises.

The Grants Panel will recommend to the Head of Finance & Resources the level of Rent Relief Grant to be awarded up to the 70% ceiling.

All organisations will be offered a lease agreement with the approved Rent Relief Grant applied under the terms agreed with Property Services, to include

**EXECUTIVE  
COMMITTEE**

**9<sup>th</sup> July 2013**

a provision of a periodic\*\* review of the rent relief. Rent Relief Grant will be paid/awarded on the signing of the lease agreement.

**\*Further appeal process:**

If the full 70% relief is applied and the organisation feels that the rental value applied is still too high we propose that the organisations put a business case to the Head of Finance & Resources for consideration by the Executive Committee. *The organisation must fulfil all of the above criteria in order to initiate the appeal process*

\*\* A review of continuing eligibility for Rent Relief Grant will be undertaken at three yearly intervals unless triggered by an earlier change in the VSC's circumstances.

**Conditions:**

1. All applications must be accompanied by an appropriately detailed business case\*\*\*.
2. All external grant funding (i.e. any third party grant funding not awarded by Redditch Borough Council) received in respect of the rental of premises owned by Redditch Borough Council must be declared. The Council reserves the right to claw back all or part of the Rent Relief Grant in such circumstances.
3. All monies accrued from the sub-letting of space/room in any leased premises for which an application for Rent Relief Grant has been submitted should be:
  - a. Identified in the financial budget for any grant application (including for Rent Relief Grant);
  - b. Submitted as evidence to support the sustainability of the VCS organisation within the Borough.

The Council reserves the right to claw back all or part of the Rent Relief Grant where monies accrued from the sub-letting of premises are being used to build up financial reserves.