

## Appendix 1 – Options Table

OPTIONS	DETAILS	OPPORTUNITIES	RISKS	FINANCIAL IMPLICATIONS
<p><b>Option 1 - Cease all funding to the VCS, i.e. Concessionary Rents Scheme and VCS Grants Pot which includes a Financial Advice and Problem Solving grant</b></p>	<ul style="list-style-type: none"> <li>No funding to be provided to the VCS through the concessionary rents scheme or through the VCS Grants programme.</li> </ul>	<ul style="list-style-type: none"> <li>The VCS Grants Co-ordinator would focus on helping to build capacity in the sector and support groups in applying for alternative funding.</li> </ul>	<ul style="list-style-type: none"> <li>VCS organisations folding owing to the withdrawal of funding from the Council.</li> <li>Potential risks around rising demand for Council services especially with the loss of the Financial Advice and Problem Solving contract.</li> <li>Effect of VCS organisations folding that support vulnerable people in Redditch's communities and the negative impacts of this.</li> <li>Any units which become vacant as a result of organisations closing will incur additional void costs to the Council.</li> </ul>	<ul style="list-style-type: none"> <li>The Council will save £283k per annum.</li> <li>If VCS organisations do choose to vacate there would be a short-term loss of income until alternative tenants or actions occurred. If all units were to become void it would cost the Council £180k per year but it is unlikely that all units would remain unoccupied for a year.</li> </ul>
<p><b>Option 2 – End the Concessionary Rents Scheme, reduce the VCS Grants Pot to £175k of which £50k is allocated to a Financial Advice and Problem Solving grant</b></p>	<ul style="list-style-type: none"> <li>All VCS groups to have their concessionary rent terminated in 2020.</li> <li>Make available a £125k wider grants pot for all VCS organisations to bid into for their core costs.</li> <li>Maximum bids up to £5k.</li> <li>Groups receiving concessionary rents will have to bid into this VCS Grants pot to cover their rent.</li> <li>Make available £50k for a Financial Advice and Problem Solving grant.</li> </ul>	<ul style="list-style-type: none"> <li>If some of the concessionary rents holders are unable to retain their units, the Council would seek to let some of the units at the market value.</li> <li>If units became vacant there could be opportunities to look at utilising the assets in a different way e.g. developing the sites for other uses, selling any potential land etc.</li> <li>The VCS Grants Co-ordinator would focus on helping to build capacity in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>Organisations receiving concessionary rents may not be successful in bidding for funds from the VCS grant pot for their rent. This would mean their rent would increase in 2020 to full market rent.</li> <li>It is likely that the organisations would be reluctant to commit to longer term leases as they would not have a guaranteed income to ensure they could afford the rent in the long term.</li> <li>If this occurred, there is a</li> </ul>	<ul style="list-style-type: none"> <li>If VCS organisations do choose to vacate there would be a short-term loss of income until alternative tenants or actions occurred. If all units were to become void it would cost the Council £180k per year but it is unlikely that all units would remain unoccupied for a year.</li> <li>The Council saves £108k from the VCS grants budget including the £63k from concessionary rents scheme.</li> </ul>

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			<p>chance that a number of VCS organisations receiving concessionary rent would have to move or cease to exist altogether.</p> <ul style="list-style-type: none"> <li>• This would impact negatively on the communities receiving support through these organisations.</li> <li>• Costs would still exist to the Council if these buildings were left void – void costs and business rates costs would need to be considered.</li> </ul>	
<p><b>Option 3 – Maintain the concessionary rents scheme but withdraw the wider VCS Grants scheme completely, with the exception of the Financial Advice and Problem Solving grant</b></p>	<ul style="list-style-type: none"> <li>• All VCS organisations continue to receive the 70% concessionary rent.</li> <li>• Current and future arrears would need to be addressed through the scheme.</li> <li>• Those groups deemed to be in properties which could be let to commercial tenants be placed on a meanwhile type lease and under notice that if a commercial tenant was interested in their property they would be asked to relocate.</li> <li>• No wider VCS Grants scheme will exist.</li> <li>• Make available £50k for a Financial Advice and Problem Solving grant.</li> </ul>	<ul style="list-style-type: none"> <li>• The VCS organisations receiving concessionary rents will be able to sustain their business and continue to deliver their activities as before. The Council does not have to find new tenants to replace the VCS groups or find associated costs with having these units as void.</li> <li>• The groups affected would be able to sign a longer term lease knowing they have the guarantee of continued income for the rent.</li> <li>• The VCS Grants Co-ordinator total focus could be on helping to build capacity in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• There will be no general funding available for any other VCS organisations. This may affect the ability of the sector to deliver the diversity and range of services sustained at the moment.</li> <li>• With regards to the potential changeover in tenancies within the concessionary rents scheme, there would be a delay if occupier was unwilling to leave and recovery action was required.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council will save £170k, however an ongoing pressure will still need to be made in the concessionary rents budget for the lost income from the concessionary rents scheme of £19k approximately (on top the existing budget of £63k).</li> <li>• The identified saving may potentially decrease if the ongoing pressure increases owing to any new organisations joining the concessionary rents scheme in the future.</li> </ul>

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<p><b>Option 4 - Close the Concessionary Rents scheme to new applications but maintain the scheme for existing organisations only with a reduction of support for the wider VCS Grants Pot, including a the Financial Advice and Problem Solving grant</b></p> <p><b>Note: As and when existing VCS organisations vacant premises they are re-let on a commercial basis.</b></p>	<ul style="list-style-type: none"> <li>• Each of the groups receiving a concessionary rent continues to pay their 30% of their current rent which totals £35k approx. of income to the Council.</li> <li>• Allocate £125k for the wider VCS Grants pot which would be used to supplement the £82,314 that remains outstanding (the other 70%).</li> <li>• This would leave £42686 in the pot for other VCS grants.</li> <li>• These organisations would not be able to bid into the wider VCS grants pot at all.</li> <li>• This could continue year on year if Members were minded to keep the concessionary rent scheme in place.</li> <li>• No new organisations can join the scheme</li> <li>• Any arrears would need to be addressed through the life of the scheme.</li> <li>• Those groups deemed to be in properties which could be let to commercial tenants be placed on a meanwhile type lease and under notice that if a commercial tenant was interested in their property they would be asked to relocate.</li> <li>• Make available £50k for a Financial Advice and</li> </ul>	<ul style="list-style-type: none"> <li>• The groups affected would be able to sign a longer term lease knowing they have the guarantee of continued income for the rent.</li> <li>• The Council does not have to find new tenants to replace the VCS groups or find associated costs with having these units as void.</li> <li>• The VCS Grants Co-ordinator would focus on helping to build capacity in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• The overall support from the Council to the VCS will shrink as there is a £45k reduction to the general VCS Grants pot.</li> <li>• This option benefits the existing VCS organisations with a concessionary rent rather than the wider sector as limited funding is left to distribute to other groups who do not have a concessionary rent.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council will save £45k from the wider VCS Grants budget.</li> <li>• There will no longer be the need to allocate any budget for the Concessionary Rents scheme so a saving of £63k will be made. This will make a total saving of £108k.</li> </ul>

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<p><b>Option 5 - End the Concessionary Rents Scheme but provide a stepped down transition over a 3 year period paid for out of reduced VCS grants pot of £175k of which £50k will be allocated to a Financial Advice and Problem Solving grant.</b></p>	<p>Problem Solving grant.</p> <ul style="list-style-type: none"> <li>• Option 4 as above would operate for year 1 but then for the following year the received concession percentage would be stepped down.</li> <li>• In year 2, groups would be expected to pay 50% of their rent with a 50% concessionary rate which would be approximately £59k to pay.</li> <li>• This £59k would be deducted from the pot which would leave £66k for other VCS Grant giving.</li> <li>• In year 3 the rate the VCS groups would be expected to pay would rise to 80% with only a 20% concessionary rent.</li> <li>• This £23,600 would be deducted from the pot and would leave £101,400 other VCS grant giving.</li> <li>• In year 4, the scheme would be withdrawn with all VCS groups paying full market rent. The whole £125k would be available for the VCS Grants Pot.</li> <li>• When step down decreases do occur, the VCS groups affected can then bid into the main VCS Grants pot. Applications for rent would</li> </ul>	<ul style="list-style-type: none"> <li>• The groups would be able to sign for a 3 year lease on the understanding that they then have 3 years to make a decision about their future in those units and plan for when the rent rises to full market rent.</li> <li>• The Council could utilise this time (3 years) to assess the stock and formulate a plan for potential loss of funding if groups do relinquish their units i.e. market assessment of who might let them, how much to demolish and sell land for building etc.</li> <li>• More funding would be available for the wider grants pot than in previous options.</li> <li>• The VCS Grants Co-ordinator would focus on helping to build capacity in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• There is still less money available for the wider VCS in the main grants pot although this will increase over the 3 years as the level of concession paid by concessionary rent holders rises.</li> <li>• The VCS feels that funding is being cut twice from them – once from the concessionary rent pot and then again from the wider VCS grant pot.</li> <li>• It is still possible that groups could close after the transition period is over if they are not able to cover their rent from other sources.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council will save £45k from the wider VCS Grants budget.</li> <li>• There will no longer be the need to allocate any budget for the Concessionary Rents scheme so a saving of £63k will be made. This will make a total saving of £108k.</li> </ul>

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	<p>be accepted as they are losing the support for rent over the three years so the wider fund could be used to top this up.</p> <ul style="list-style-type: none"> <li>Any current or future arrears in the scheme will need to be addressed within the 3 year transition period.</li> <li>Those groups deemed to be in properties which could be let to commercial tenants be placed on a meanwhile type lease and under notice that if a commercial tenant was interested in their property they would be asked to relocate.</li> <li>Make available £50k for a Financial Advice and Problem Solving grant.</li> </ul>			
<p><b>Option 6 - End the Concessionary Rents Scheme but provide a transition over a 3 year period. Maintain the current Council budget in order to do this. Reduce the VCS Grant pot to £175k of which £50k is allocated to a Financial</b></p>	<ul style="list-style-type: none"> <li>End the scheme over a period of 3 years but continue to subsidise the scheme as per the current arrangement.</li> <li>As with option 4 and 5, wind down the scheme by using a series of stepped decreases each year.</li> <li>Those organisations that receive the transitional concessionary rent can only bid into the £125k for rent after year 1 once their rent concession decreases and</li> </ul>	<ul style="list-style-type: none"> <li>This option supports the VCS the most and maintains almost the same level of funding except a reduction in £45k for the wider VCS grants pot.</li> <li>There are no reductions in the wider VCS grants pot to subsidise the concessionary rent holders unlike in some of the other options.</li> <li>This will enable current concessionary rent holders to plan for the end of the scheme in 3 years' time.</li> </ul>	<ul style="list-style-type: none"> <li>This is the most costly option to the Council as there would be the need to maintain the pressure for the Concessionary Rents scheme and also find the £175k for the VCS Grants Scheme and the Financial Advice and Problem Solving Grant.</li> </ul>	<ul style="list-style-type: none"> <li>The Council will save £45k from the wider VCS Grants budget.</li> <li>A continuing budget and pressure would still need to be made for the wind down of the Concessionary Rents scheme over the 3 year period of the transition.</li> <li>The savings for the Council in each year of the step down would be as follows: Year 1- no savings from the concessionary rent budget but a £19K pressure required, Year 2 – saving of £4k from the</li> </ul>

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<b>Advice and Problem Solving grant</b>	<p>they have to pay more.</p> <ul style="list-style-type: none"> <li>Any arrears will need to be addressed within the transition period.</li> <li>Those groups deemed to be in properties which could be let to commercial tenants be placed on a meanwhile type lease and under notice that if a commercial tenant was interested in their property they would be asked to relocate.</li> <li>Make available £50k for a Financial Advice and Problem Solving grant.</li> </ul>	<ul style="list-style-type: none"> <li>The £125k can fully be utilised to support the wider VCS in Redditch.</li> <li>The VCS Grants Co-ordinator would focus on helping to build capacity in the sector.</li> </ul>		<p>concessionary rents budget, Year 3 - £40k from the concessionary rents budget.</p>

Notes:

- Any VCS Grant Pot would be capped at £5k as the maximum grant to be awarded to any one organisation, with the exception of the Financial Advice and Problem Solving grant.
- No organisation will be able to apply for a concession or grant to cover above 70% of their rent costs.
- When referencing the £82k concessionary rents funding, this currently comprises of a budget of £63k already set for the scheme with an additional pressure required of £19k to ensure the full cost of the scheme to the Council is covered.