

<b>BODY:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>17<sup>th</sup> July 2003</b>
<b>SUBJECT:</b>	<b>RENT SUPPORT SUBSIDY</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PLANNING, REGENERATION &amp; AMENITIES</b>
<b>Ward(s):</b>	All
<b>Purpose:</b>	To seek Cabinet's approval for the new policy for rent support subsidy to not for profit organisations occupying premises owned by Eastbourne Borough Council.
<b>Decision type:</b>	Key – listed April 2003
<b>Contact:</b>	Penny Shearer, Head of Regeneration, Telephone 01323 415030 or internally on extension 5030.  E-mail address: penny.shearer@eastbourne.gov.uk
<b>Recommendation:</b>	That Cabinet approves the proposed policy.

<b>1.0</b>	<b><u>Background</u></b>
1.1	There are a number of voluntary organisations that occupy premises owned by the Borough Council. For many years these organisations have enjoyed an adhoc arrangement of rents. There has been no formalised strategy for making decisions on which organisations should benefit from less than market rents and no structure to the rental value applied to such space.

1.2	It is important for the Council as an organisation to recognise the true asset value of all of its premises. It is recommended that revenues from all premises should be re-valued at their next rent review and a market value will be recognised in the Council's asset plan.
1.3	However it is not the intention of this new policy to necessarily charge a market rent on voluntary and charitable organisations that occupy council owned property. It is understood that some organisations have historically never been asked to make a commercial contribution to the cost of occupying these premises and neither has the equivalent subsidy in kind been evaluated or recognised.
2.0	<b><u>Proposed New Policy</u></b>
2.1	It is proposed that all property will be valued at a market rate at the next rent review, lease renewal or new letting. The new market rent will be recognised in the Council asset management plan. The occupying voluntary group will then be assisted to apply for a subsidy to reflect the difference between the amount they pay and the market rent for the property.
3.0	<b>Proposed Criteria for Awarding Rent Support Subsidy</b>
3.1	The criteria for evaluating applications for financial grants to voluntary organisations have been in existence for a number of years and these have been established to fit in with the Corporate Aims and Objectives.
3.2	It is proposed that when a rent review is required for premises occupied by a voluntary organisation their contribution to the local community can be measured in terms of their contribution to meeting the Corporate Aims and Objectives as expressed in the Council's Corporate Plan.

3.3	It is proposed that when a rental change is due the occupying organisation will be advised in writing and discussions will take place with each organisation to establish their contribution to delivering Corporate Aims and Objectives and to establish the level of rent payable and the amount of subsidy to be applied for.
3.4	It is proposed that consultation be undertaken with the Head of the Service to which the voluntary organisation is most closely allied. For example sports clubs reviews should be undertaken in consultation with the Head of Sport and Recreation. It is also an opportunity for some community development and other support to be undertaken at the same time. It may also be a chance to discuss the future plans of the occupying organisation and discussing whether there is any benefit to be gained by merging or developing partnership working with other organisations.
3.5	We need to be aware of creating an uncompetitive or unfair situation if we are offering premises for use at a less than commercial costs. It is important that occupants that are in receipt of a rent support subsidy are truly not-for-profit organisations and we are not inadvertently falling foul of the State Aid Rules by letting property to commercial organisations.
3.6	It is proposed that organisations may apply for rent subsidy in addition to grant aid. The two means of support would be considered at separate times.
3.7	It is proposed that organisations we support should operate fairly and with respect to equal opportunities issues. Organisations would also need to hold adequate insurance, public protection, and have volunteer policies in place.
4.0	<b><u>Some particular situations</u></b>

4.1	Some organisations such as the Sea Cadets, Rugby Club and Sailing Club constructed their buildings at their own cost. It will be important to take account of the fact that provided the tenants were not obliged to construct the buildings as part of the contractual arrangement (which seems mainly to be the case), then at renewal of leases where the property was constructed more than 21 years previously, the rental value is to be based on the building and not the land.
5.0	<b>Evaluation of applications</b>
5.1	An application process will need to be created. Currently the Grants Task Group considers applications and makes recommendations to Cabinet for Community Grants and also for Rate Relief. A further responsibility would be included to consider application for subsidised rents and make recommendations to Cabinet.
6.0	<b><u>Monitoring of Grant</u></b>
6.1	An annual monitoring visit will be made to each organisation in receipt of Rent Support Subsidy. This will then measure the contribution to the community made by the organisation and the contribution of the Council can be recognised.
7.0	<b><u>Staffing Implications</u></b>

7.1	<p>The work involved will include:</p> <ul style="list-style-type: none"> <li>· <b>Negotiation of the grant and application</b></li> <li>· Consultations with Heads of Service</li> <li>· Analysis of subsidy against criteria</li> <li>· Preparation of reports to Grants Task Group and Cabinet</li> <li>· <b>Monitoring and evaluation of the subsidy</b></li> <li>· Monitoring the budget</li> </ul>
8.0	<p><b><u>Financial Implications</u></b></p>
8.1	<p><b>This work can be carried out providing that priorities in the Regeneration Team are altered slightly.</b></p>
8.2	<p><b>The proposals set out in the report bring EBC's procedures into line with the accepted good practice and ensure decisions about the use of resources are explicit and linked to clear criteria.</b></p>
9.0	<p><b><u>Equalities Implications</u></b></p>

9.1	Applying rent support subsidy equally and in an open and transparent manner will support our commitment to equalities.
<b>10.0</b>	<b><u>Youth Implications</u></b>
10.1	The implications for youth will be taken into consideration in each application for rent support.
<b>11.0</b>	<b><u>Other Implications (Environmental; human rights; community safety; anti-poverty)</u></b>
11.1	These implications will be taken into consideration in the application for rent support subsidy.
<b>12.0</b>	<b><u>Consultations</u></b>
12.1	Internal consultations have taken place with Heads of Service and Corporate Management Team together with the Estates Manager.
<b>13.0</b>	<b><u>Summary</u></b>
13.1	To establish a policy and process to set a level of rent support for not for profit organisations that occupy premises owned by Eastbourne Borough Council.
<b>14.0</b>	<b><u>Conclusion</u></b>
14.1	That provided Cabinet is in agreement with the policy and process that they recommend this is adopted by the Council.
<b>Penny Shearer</b>	
<b>Head of Regeneration</b>	

**Background Papers:**

The Background Papers used in compiling this report were as follows:

None

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Gck/docs/reports03/cabinet/notforproffittpolicyjuly2003