

Policy on Rent Support Grant

Introduction

Eastbourne Borough Council is keen to support voluntary, community, sports clubs and other not-for-profit organisations providing services and activities for the benefit of people living, visiting and working in Eastbourne.

The Council provides financial support to some organisations leasing Council properties to help them meet their rental costs in the form of Rent Support Grant. A summary of current Rent Support Grants is shown at Appendix A.

The Council has begun a process reviewing these assets to ensure voluntary, community and other third sector organisations receive the help that they need, and that properties are well-used, safe and maintained to a decent standard. We also need to ensure that Rent Support Grant is invested wisely and that residents and visitors to Eastbourne benefit as much as possible from these Council assets.

As part of our overall review of the way Council properties are used and maintained, we are reviewing the way we award Rent Support Grant.

Policy principles

The Council's main aims in reviewing this policy is to provide financial support to voluntary, community and other not-for-profit organisations to enable them to maximise the community benefit and use of buildings and other properties in Eastbourne.

The Council is committed to supporting these organisations to make the best use of community assets, ensuring the widest possible access to safe and well-maintained community buildings and grounds.

The Council recognises that some organisations are not able to provide free or widely affordable services and activities to the public without some financial support to help cover the costs of rent and business rates. We therefore offer financial support to some organisations leasing our own properties in the form of Rent Support Grant.

There are a number of key principles underlying this policy:

- The properties supported should meet local community needs and provide valuable services to the community
- They should be made as open and accessible as possible to ensure the widest community benefit
- They should contribute to achieving Council and Strategic Partnership aims as set out in the Council's Corporate Plan and 'Pride of Place', the Community Strategy.

Eligibility Criteria

There are a number of key criteria which organisations applying for Rent Support Grant must meet:

- They must comply with the terms of their lease
- They must ensure the property leased to them is made as open and accessible as possible to ensure the widest community benefit
- They must ensure their own organisation is open to all sections of the community and their policies, membership and services should all comply with the Equalities Act 2010
- They must have clear, robust governance arrangements
- They must have a financial need for support and provide latest annual accounts or a summary of income and expenditure as evidence.

Procedure

The Council's policy, which reflects statutory obligations to obtain best value on its assets subject to some exceptions, is to assess and charge the full market rent for any property it leases. Not-for profit organisations providing services of community benefit may then apply for Rent Support Grant in recognition of their social value.

Organisations occupying Council buildings should not assume that the lease will automatically be renewed on its expiry. The Council has a duty to make best use of its assets and may invite expressions of interest from other organisations interested in leasing the building.

The costs of managing and maintaining the Council's assets vary according to the type, age and condition of the building and the lease in place but are significant in all cases. These costs need to be covered by income from properties.

The Council may reserve the right, either through a lease break clause or short length of lease, to take back the use of the asset if required for the Council's occupation, development or disposal. Similarly if the community use can be conducted from alternative assets held by the Council, the Council may direct that the community use is conducted from these premises instead in the interests of securing best value.

In exceptional cases, the Council may consider transferring an asset to the community on a freehold basis. The merits of such a transfer will be considered on a case by case basis but will include factors such as the long term administrative cost to the Council, the benefit to the community from the transfer of the asset and the financial standing of the community body to whom the asset may be transferred

It is the Council's intention to review leases on all those properties which do not have a current lease within the next two to three years.

Before entering into discussions with an organisation regarding a potential renewal of a lease or rent review, the Council will assess the strategic and service relevance and value of the current use of the property.

The Council will write to the lessee notifying them of the intention to review the lease and carry out the relevant property inspection and to check compliance with the existing lease.

At that stage, any organisation wishing to apply for Rent Support Grant will be invited to do so and required to provide the information needed to assess their eligibility and need for a Grant. The invitation to apply does not imply any decision at that stage to agree this Grant or to confirm renewal of the lease. It is designed to provide the Council with the information it needs to make a full assessment of the terms of any lease if offered.

Where properties are no longer allocated for community, strategic or operational use by the Council, these assets will be managed in accordance with the non operational/investment criteria of the council's asset management policy.

Organisations entering into a new lease with the Council or renewing an existing lease will be invited to apply for Rent Support Grant. Organisations do not need to re-apply for Rent Support Grant each year but must re-apply at the time of any Rent Review or lease expiry. Application Forms and Guidance are available on the Council's website at www.eastbourne.gov.uk/business-funding-and-grants

An invitation to apply for Rent Support Grant should not be taken to mean that the organisation will be successful. The Grant application process will be used to establish whether or not the organisation meets the eligibility criteria and whether any grant is required.

Rent Support Grant is a public subsidy and represents a cost to the tax payer through lost income to the Council. The Council has a duty to ensure this is awarded on the basis of need and the benefits delivered and that there is proper governance and financial management in place in any organisation benefiting from the Grant.

Rent Support Grant will be awarded where it is clear that the property is being used to support the Council's Corporate and Service priorities and is being used to its full potential. Decisions will be based on the extent to which the organisation can demonstrate they will support and contribute to the Council's corporate and service priorities and where alternative options both for maximising income from the property and for delivering those particular services elsewhere or in a different way have been explored.

The level of any Rent Support Grant awarded will be based on the income and expenditure of the organisation and their own assets, financial position and opportunities to raise funds. We will be looking to organisations occupying properties to pay the full rent except in those cases where this is not realistic or achievable without interfering with the service contribution they are able to make.

The value of any Rent Support Grant awarded may be tapered over the period of the award but the amount to be paid in each year will be guaranteed until the date of the next rent review subject to satisfactory monitoring data being provided in line with requirements and deadlines. Rent Support Grant will be reassessed at the time of any Rent Review and organisations must re-apply for the Grant at that stage.

If awarded, the amount of Grant paid is guaranteed until the next rent review or lease renewal, subject to compliance with the terms of the lease and grant conditions including provision of annual monitoring information. In some cases the amount will decrease over the 5 year period to reflect the potential for some organisations to reduce their reliance on this grant.

Rent Support Grant will not be paid for any period of more than 10 years unless the Council is satisfied that the services being offered from the property have a high community benefit and impact and that all options for reducing reliance on the grant have been exhausted. Tenants which have

already relied on Rent Support Grant for a period of 10 years or more at the time of their next lease or rent review will be required to provide an action plan setting out how they will reduce this reliance and Rent Support Grant will not be paid for more than a further 5 years from the date of the review.

Rent Support Grant will not be allowed where an organisation is in breach of its lease. An inspection of the property and of compliance with existing lease terms will be carried out prior to any Rent Support Grant application being considered.

Rent Support Grant will not be allowed or continued where organisations do not have a current lease.

Any organisation awarded Rent Support Grant must provide a copy of its audited accounts each year on or by the anniversary of the award, along with any monitoring information required as a condition of that grant.

Organisations awarded Rent Support Grant will be required to agree Grant Conditions. These Grant Conditions will include action plans for maximising use of the property, increasing the organisation's contribution to the Council's priorities and for reducing reliance on grant, as well as specifying monitoring requirements.

All organisations in receipt of Rent Support Grant will be required to provide annual monitoring information as a minimum. This will normally include figures showing the use of services provided by the grant beneficiary in or on the Council's property and a profile of users as well as evidence of participation including membership and use by non-members. It will also include an update on any annual service delivery action plan and financial plan demonstrating progress towards paying a greater proportion of the rent over the period of the lease/ rent review period. All monitoring data will be subject to audit by the Council.

Organisations which do not provide this data or comply with the terms of their lease or the Rent Support Grant conditions will become liable for the full rental value of the property they are occupying.

Procedure for assessing grant applications

Stage 1 – Service review of property use

A review of the strategic and service value of the current use of a particular property will be carried out by the relevant Service Manager in liaison with the Community Services Manager.

Stage 2 – Property review

The organisation currently occupying the property will be notified of the Council's intention to review the property and invited to submit a Rent Support Grant application.

The review will include an inspection of the property and check for compliance with the terms of the lease.

it will also include a discussion of options covering:

- market value of the property – capital and rental
- strategic value of current use and whether this is proportionate to the income / capital receipt foregone
- alternative uses and whether or not to invite expressions of interest from others interested in leasing the property
- options for tenants providing strategically relevant services where there is a strong case for making an alternative use of the property

Based on this review, the Council will make a decision confirming the future use of the property and may then enter into negotiations regarding a lease.

Alternatively, the Council may decide to invite expressions of interest from other organisations. The organisation currently occupying that property will be entitled to submit an expression of interest to be considered alongside any others received.

Stage 3 – Assessment of eligibility for grant support

The Council will invite organisations to apply for Rent Support Grant prior to entering into any discussions with the prospective tenant on the terms of the lease.

No commitment to award Rent Support Grant can be made without an application being received, assessed and agreed in accordance with Stages 2 and 3.

To be eligible for Rent Support Grant organisations must meet minimum eligibility criteria covering:

- Governance – Memoranda and Articles or adopted Constitution

- Comprehensive equality policies which comply with current legislation and cover employment, volunteer involvement and access to services and facilities
- Independently audited accounts
- Up to date monitoring data setting out the current opening hours and number and profile of members and service users
- Clear evidence of financial need
- Full compliance with all lease conditions including repairing obligations and payment of rent.

Organisations will not be awarded Rent Support Grant if they:

- have large reserves which are not being deployed for the projects for which they are requesting grants
- make or are easily able to make a significant surplus each year which would remove the need for any grant
- use funds to give grants to other organisations rather than meeting their own minimum needs / grant requirements first
- have not complied with the terms of their current or previous lease
- cannot demonstrate that they are making best use of the property to generate income without interfering with their core aims and objectives.

The decision to award Rent Support Grant will be made by the Senior Head of Service – Communities in consultation with the lead Cabinet Member. Grant applications will be assessed and awarded on the basis of:

- identified need and strategic relevance
- quality
- impact
- value for money.

Details of how these will be assessed are set out in the Guidance to completing Applications for Rent Support Grant.

Reviewing this policy

We anticipate that this policy will need to develop over time and will review it after the first two years of implementation.

Summary:

Property review, lease negotiations and Rent Support Grant process

Stage 1 – Service review of property use

Responsible Officer:

Head of Service (Sports and Leisure; Community Services; Tourism and Leisure)

Notification of intention to review and invitation to submit Rent Support Grant application

Stage 2 – Property review

Responsible Officer:

Corporate Property Manager and Head of Infrastructure

Decision on whether or not to invite expressions of interest from other organisations

Head of Service in consultation with Community Services Manager, Corporate Property Manager and Strategic Property Board.

Stage 3: Assessment of eligibility for grant support

Responsible Officer:

Community Services Manager

Rent Support Grant Decision

- **Assessment and scoring application**
Community Services Manager
- **Preparation of Grant Conditions and Action Plan**
- Community Services in consultation with the Corporate Property Manager and relevant Head of Service
- **Decision on amount and terms of funding** - Senior Head of Service
– Communities in consultation with the lead Cabinet Member.