

# Cheltenham Borough Council

## Cabinet

### Request for rent subsidy from 1<sup>st</sup> Hatherley Scout Group

<b>Accountable member</b>	<b>Cabinet Member for Finance, Councillor John Rawson</b>
<b>Accountable officer</b>	<b>David Roberts (Head of Property and Asset Management)</b>
<b>Ward(s) affected</b>	<b>Warden Hill</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>The Council has been asked by 1<sup>st</sup> Hatherley Scout Group to consider a rent subsidy for the premise known as Hatherley Scouts Hut, Penrith Road, Hatherley, Cheltenham.</p> <p>The Scouts group satisfies three of the Council's Key Objectives and, as a result, a rent subsidy is proposed.</p>
<b>Recommendations</b>	<p>It is recommended that Cabinet agrees to accept the recommendation of the 3<sup>rd</sup> Sector Panel and authorise the Director of Resources to administer a rent reduction of 80% against the lease between Cheltenham Borough Council and 1<sup>st</sup> Hatherley Scouts Group.</p>

<b>Financial implications</b>	<p>Under the current rent arrangements 1<sup>st</sup> Hatherley Scout Group pay £150 per annum. The market rent of £1,600 will be offset by a rent subsidy of 80% equating to £1,280. The Council will receive future rents of £320 per annum, an increase of £170 per annum.</p> <p><b>Contact officer: Nina Philippidis,</b> <b>nina.philippidis@cheltenham.gov.uk, 01242 264121</b></p>
<b>Legal implications</b>	<p>None arising directly from this report</p> <p><b>Contact officer: Rose Gemmell, rose.gemmell@tewkesbury.gov.uk, 01684 272014</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>N/A</p> <p><b>Contact officer: , @cheltenham.gov.uk, 01242</b></p>
<b>Key risks</b>	<p>Should the Scouts Group not take a new lease of the premises, they may stand vacant for a number of months, and the Council would then be responsible for the maintenance, insurance and business rates.</p>

<p><b>Corporate and community plan Implications</b></p>	<p>By agreeing this application 1<sup>st</sup> Hatherley Scouts Group will contribute to supporting the Council Priorities of:</p> <ul style="list-style-type: none"> <li>• Enhancing &amp; protecting our environment</li> <li>• Strengthening our communities</li> <li>• Focussing on Children and young people</li> </ul>
<p><b>Environmental and climate change implications</b></p>	<p>Nothing in this proposal is considered to impact negatively upon the Council's environmental and climate change aspirations</p>
<p><b>Property/Asset Implications</b></p>	<p>As set out in this report</p> <p><b>Contact officer: David Roberts@cheltenham.gov.uk</b></p>

## **1. Background**

- 1.1 1<sup>st</sup> Hatherley Scouts Group (hereafter referred to as the Scouts) is a registered charity. They would like to renew their lease which expired on the 23<sup>rd</sup> March 2013. They would like a renewal for a term of 5 years.
- 1.2 The rent they are currently paying is £150 per annum. The market rent is now £1600 per annum. The reason for the rent increase is because the Scouts built their own scouts hut. As they built it, it was deemed a tenants improvement. However as 21 years has lapsed, under the Landlord & Tenant Act 1954, the improvement value is now deemed to have been exhausted. The proposed rent reflects this.
- 1.3 The Scouts have made an application under the Council's 3<sup>rd</sup> Sector Policy; a copy of the application is attached as Appendix II.
- 1.4 A meeting of the 3<sup>rd</sup> Sector Policy board considered the application from 1<sup>st</sup> Hatherley Scouts Group for rent relief and concluded that a relief of 60% in addition to a subsidy of 20% applicable to charitable institutions renting Council-owned premises was appropriate. A copy of the panel's decision is attached as Appendix III.

## **2. Reasons for recommendations**

- 2.1 The 3<sup>rd</sup> Sector Policy Board considered the application from 1<sup>st</sup> Hatherley Scouts Group and concluded that the following subsidies could be applied:
  - 20% subsidy in respect of the Scouts contribution to the Council's Objective 1 Enhancing and protecting our environment'
  - 20% subsidy in respect for the Scouts contribution to the Council's Objective 3 ' Strengthening Our Communities'
  - 20% subsidy in respect of the Scouts contribution to the Council's Objective 5 ' A Focus on Children and Young People'
- 2.2 20% subsidy reflecting that the Scouts is a registered charity
- 2.3 It is proposed that the Scouts shall occupy the property upon a full repairing basis and be responsible for the payment of all utility and rates bills as well as insuring the property.
- 2.4 The full market rent of the property has been estimated to be £1,600 per annum and a term of five years has been agreed as appropriate with the rental subsidy the rent that the Scouts will be paying is £320 per annum.

## **3. Alternative options considered**

- 3.1 The Council could decide not to offer the Scouts a rent subsidy, but this would result in the strong possibility that the Scouts would no longer be able to provide a scouts group within that area

## **4. Consultation and feedback**

- 4.1 Asset Management Working Group supports the request for a rent subsidy
- 4.2 Cllr John Rawson supports the rent request subsidy

## 5. Performance management –monitoring and review

5.1 We will monitor the rent payment.

<b>Report author</b>	<b>Contact officer: Rebecca Conway</b> <b>Rebecca.conway@cheltenham.gov.uk,</b> <b>01242 775148</b>
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Submission by 1<sup>st</sup> Hatherley Scouts Group/</li><li>3. Decision of 3<sup>rd</sup> Sector Assessment Panel.</li></ol>
<b>Background information</b>	N/A

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the tenant cannot sustain 20% rent payments this could jeopardise their continued operation of the building and this could result in the loss of a community service, empty rates and adverse publicity	David Roberts	12 <sup>th</sup> March 2014	2	2	4	Accept	Monitor and refer to Cabinet should such circumstances arrive	12 <sup>th</sup> March 2014	Rebecca Conway	
<p><b>Explanatory notes</b></p> <p><b>Impact</b> – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p><b>Likelihood</b> – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											