

Cheltenham Borough Council

Cabinet-13 October 2015

Request for rent subsidy from Broadlands Pre School & approval to dispose of Public Open Space

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	David Roberts (Head of Property and Asset Management)
Ward(s) affected	Leckhampton
Key Decision	No
Executive summary	<ol style="list-style-type: none">1. The Council have been asked by Broadlands Pre School to consider a rent subsidy for the premise at Burrows Playing Fields. Broadlands Pre School satisfies 4 of the Council's Key Objectives and that, as a result, a rent subsidy is proposed.2. The land is identified as Open Space and has been advertised in accordance with S123(2A) Local Government Act 1972. No objections have been received.
Recommendations	<p>That Cabinet :-</p> <ol style="list-style-type: none">1. Agrees to accept the recommendations of the 3rd Sector Panel and authorise a rent reduction of 80% against the lease between Cheltenham Borough Council and Broadlands Pre School.2. Agrees to declare surplus the land and buildings that are currently let to Broadlands Pre School for a further term of 15 years3. Delegates authority to the Head of Property and Asset Management, in consultation with the Borough Solicitor, to agree the terms of the lease.
Financial implications	<p>Under the current rent arrangements Broadlands Pre School pay £2000 per annum. The market rent of £5000 will be offset by a rent subsidy of 80 % equating to £1000. The council will receive future rents of £1000 per annum, a decrease of £1000per annum.</p> <p>Contact officer: Nina Philippidis,nina.philippidis@@cheltenham.gov.uk, 01242 264121</p>

Legal implications	<p>The Authority has a statutory obligation under section 123(2) of the Local Government Act 1972 to obtain the best consideration reasonably obtainable when disposing of land. Leases for a term exceeding 7 years are “disposals” within the meaning of this section. However, this requirement may be waived where the disposal is for the social, economic or environmental benefit of the inhabitants of the Borough, or any of them.</p> <p>Under section 123(2A) of the 1972 Act before disposing of public open space land the Authority must first advertise the proposed disposal for two consecutive weeks in a newspaper circulating in the area, and consider any objections to the proposed disposal.</p> <p>Contact officer: Rose Gemell, rose.gemmell@tewkesbury.gov.uk, 01684 272014</p>
HR implications (including learning and organisational development)	<p>N/A</p> <p>Contact officer: , @cheltenham.gov.uk, 01242</p>
Key risks	<p>Should Broadlands Pre School not take a new lease of the premise; it may stand vacant for a number of months, and the Council would then be responsible for the maintenance, insurance and business rates.</p>
Corporate and community plan Implications	<p>By agreeing this application Broadlands Pre School will contribute to supporting the Council Priorities of:</p> <ul style="list-style-type: none"> • Strengthening our economies • Strengthening our communities • Focussing on Children and young people
Environmental and climate change implications	<p>Nothing in this proposal is considered to impact negatively upon the Council’s environmental and climate change aspirations</p>
Property/Asset Implications	<p>As set out in this report</p> <p>Contact officer: David Roberts@cheltenham.gov.uk</p>

1. Background

- 2.1 Broadlands Pre School is a registered charity they would like to renew their lease which expires on the 19th October 2015. They would like a renewal for a term of 15 years.
- 2.2 The rent they are currently paying is £2000 per annum this was effective from October 2010. The market rent is now £5000 per annum.
- 2.3 Broadlands Pre School have made an application under the Council's 3rd Sector Policy; a copy of the application is attached as Appendix II.
- 2.4 A meeting of the 3rd Sector Policy board considered the application from Broadlands Pre School 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.
- 2.5 The land upon which the buildings are sited is Open Space and the appropriate Notice advertising the proposed leasehold disposals pursuant to S123 (2A) of the Local Government Act 1972 has been placed in the Gloucestershire Echo. The Notices gave details of the proposed disposal and asked that if there were any objections that they are sent in writing to the Borough Solicitor . No objections have been received

2. Reasons for recommendations

- 2.1 The 3rd Sector Policy Board considered the application from Broadlands Pre School and concluded that the following subsidies could be applied:
 - 20% subsidy in respect of the Broadlands Pre School contribution to the Council's Objective 2 ' Strengthening our Economies'.---The Pre-School employs 13 people and enables parents to work whilst their children are being cared for
 - 20% subsidy in respect for the Broadlands Pre School contribution to the Council's Objective 3 ' Strengthening Our Communities' ---The Pre-School makes a direct contribution to local community life; the hall is available for hire, there is a parent –led management committee and there are regular community events
 - 20% subsidy in respect of the Broadlands Pre School contribution to the Council's Objective 5 ' A Focus on Children and Young People' --The Pre-School makes a direct contribution to positive outcomes for children and young people.
- 2.2 20% subsidy reflecting the Broadlands Pre School is a registered charity
- 2.3 It is proposed that Broadlands Pre School 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 ascertained to be £5000 per annum and a term of 15 years has been agreed but subject to a rent review every 5 years. With the rental subsidy proposed the rent that the Broadlands Pre School will be paying for the first five years will be £1000 per annum.
- 2.5 The S123 notice and cabinet approval is required before the Council can enter into a new lease with Broadlands Pre School.

3. Alternative options considered

- 3.1 The Council could decide not to offer Broadlands Pre School a rent subsidy or agree to the disposal of open space, this would result in the strong possibility that Broadlands Pre School would no longer be able to provide educational facilities within that area. The Council would then have a liability for the payment of rates and carrying out the maintenance.
- 3.2 The site has very limited alternative uses as there is limited pedestrian footfall. However the site with the appropriate planning permissions could be used for a hairdressers, offices or small soft play centre with associated coffee shop with ample free parking. As the building is located within an open space the Council will needed to be minded about the use.
- 3.3 Consultation and feedback
- 3.4 The proposal has been discussed at Asset Management Working Group and they are supportive of the application.

4. Performance management –monitoring and review

- 4.1 We will monitor the rent payment.

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Appendices	1. Risk Assessment 2. Submission by Broadlands Pre School 3. Decision of 3 rd Sector Assessment Panel.
Background information	N/A

Risk Assessment

Appendix 1

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	Simon Hodges	10 th September 2015	2	2	4	Accept	Monitor and refer to Cabinet should such circumstances arrive		Simon Hodges	