

Cheltenham Borough Council

Cabinet

Request for rent subsidy from Gloucestershire Mentoring & Support CIC & approval to dispose of public open space

Accountable member	Cabinet Member for Finance, Councillor
Accountable officer	David Roberts (Head of Property and Asset Management)
Ward(s) affected	Springbank
Key Decision	No
Executive summary	<ol style="list-style-type: none"> 1. The Council have been asked by Gloucestershire Mentoring & Support CIC (GMAS) to consider a rent subsidy for part of the Ron Smith Pavilion . GMAS satisfies 4 of the Council's Key Objectives and, as a result, a 80 % 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. [] objections have been received [and are attached at Appendix IV]
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 only reduction of 80% against the lease between Cheltenham Borough Council and GMAS. 2. Agrees to declare surplus the land and buildings that are highlighted in red to GMAS for a term of 20 years 3. Delegates authority to the Head of Property and Asset Management, in consultation with the Borough Solicitor, to agree the terms of the lease and to agree the terms of any future rent review.

Financial implications	<p>This is a new arrangement arising from a previously vacant property, resulting in additional income of £1,040 per annum, after grant subsidy of £4,160.</p> <p>The tenant will also be responsible for internal repairs and running costs, whilst the council retains responsibility for maintaining the building structure.</p> <p>Contact officer: Nina Philippidis, nina.philippidis@cheltenham.gov.uk, 01242 264121</p>
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Legal implications	<p>Contact officer:</p> <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.</p> <p>Buildings which are provided on public open space land for the benefit of users of the open space, or ancillary to it, are considered to be part of the public open space and subject to the disposal restrictions under s123(2A) of the 1972 Act.</p> <p>Under section 123(2A) 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 relevant objections to the proposed disposal. The objections must reasonably relate to the loss of open space land in order for them to be relevant.</p> <p>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 GMAS not take a 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 GMAS will contribute to supporting the Council Priorities of:</p> <ul style="list-style-type: none"> • Enhancing and protecting our environment • Strengthening our economy • 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>Contact officer: David. Roberts@cheltenham.gov.uk</p> <p>As set out in the report</p>

1. Background

- 1.1** GMAS a commercial operator would like to take a new 20 year lease of part of the Ron Smith Pavilion. They would like to run a community café during the day and a youth club in the evenings. Planning permission has been gained
- 1.2** The Council are currently seeking a rent of £5200 per annum
- 1.3** GMAS have made an application under the Council's 3rd Sector Policy; a copy of the application is attached as Appendix II.
- 1.4** A meeting of the 3rd Sector Policy board considered the application from GMAS for rent relief and concluded that a relief of 80%. A copy of the panel's decision is attached as Appendix III.
- 1.5** 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 by 30th May 2016 . No objections have been received

2. Reasons for recommendations

- 2.1** The 3rd Sector Policy Board considered the application from GMAS and concluded that the following subsidies could be applied:
 - 20% subsidy in respect of the GMAS contribution to the Council's Objective 1 Enhancing and Protecting Our Environment. ---GMAS will improve the look of the pavilion by placing new doors and windows in the premise. These works are to be completed within 6 months of the lease commencement date.
 - 20% subsidy in respect of GMAS contribution to the Councils Objective 2 'Strengthening our Economy' --- The Café will employ local residents, an apprenticeship will be created, plus the refurbishment of the pavilion will help further regenerate the local area. The refurbishment of the inside is to be completed within 3 months of the lease commencement date
 - 20% subsidy in respect for GMAS contribution to the Council's Objective 3 ' Strengthening Our Communities' ---The building will be used to provide a safe space for local young people, with the café use also being used by other sections in the
 - 20% subsidy in respect of GMAS contribution to the Council's Objective 5 ' A Focus on Children and Young People' --- GMAS will deliver a range of youth activities from the building that will enable local young people to lead healthier lives, stay safe, make a positive contribution and achieve economic wellbeing.
- 2.2** It is proposed that GMAS shall occupy the property upon an internal repairing basis and be responsible for windows and doors, the payment of all utility and rates bills as well as insuring the property. They will also be responsible for the cleaning of the toilets that are shared in common with the changing rooms.
- 2.3** The full Market Rent of the property has been ascertained to be £5200 per annum and a term of 20years has been agreed with GMAS but subject to a rent review every 5 years. With the rental subsidy proposed the rent that GMAS will be paying for the first five years will be £1040 per annum.

- 2.4** The S123 notice and cabinet approval is required before the Council can enter into a lease with GMAS.

3. Alternative options considered

- 3.1** The Council could decide not to offer GMAS a rent subsidy or agree to the disposal of open space. However this would result in the strong possibility that the space would be difficult to sub let leaving the Council receiving no income and with the liability to pay for rates and carrying out the maintenance.

4. Consultation and feedback

- 4.1** Ward members Councillor Peter Jefferies and Councillor Suzanna Williams have given no objections to the disposal of open space and the rent subsidy
- 4.2** The report was submitted and approved by Asset Management Working Group on the 16th June 2016

5. Performance management monitoring and review

- 5.1** We will monitor the rent payments and the works to the pavilion

Report author	Contact officer: Rebecca Conway, Estates Surveyor rebecca.conway@cheltenham.gov.uk, 01242 775148
Appendices	1. Risk Assessment 2. 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 Council was not to grant the 80% subsidy then GMAS would not be able to take a lease on the space and the community benefits would be lost.	Rebecca Conway	10 th May 2016	2	2	4	Accept	Monitor and refer to Cabinet should such circumstances arrive		Rebecca Conway	