

Cheltenham Borough Council

Cabinet

Request for rent subsidy from Charlton Kings Youth and Community Centre

Accountable member	Cabinet Member for Finance, Councillor Rowena Hay
Accountable officer	David Roberts, Head of Property and Asset Management
Ward(s) affected	Charlton Kings
Key/Significant Decision	No
Executive summary	<p>The Council have been asked by Charlton Kings Youth and Community Centre to consider a rent subsidy for the premises known as Charlton Kings Youth and Community Centre of Grange Walk, Charlton Kings, Cheltenham.</p> <p>Charlton Kings Youth and Community Centre satisfy two of the Council's Key Objectives and that, as a result, a rent subsidy is proposed.</p>
Recommendations	<p>It is recommended that Cabinet agrees to accept the recommendations of the 3rd Sector Panel and authorise the Director of Resources and Projects to administer a rent reduction of 60% against the lease between Cheltenham Borough Council and Charlton Kings Youth and Community Centre.</p>
Financial implications	<p>The current rent is £175 per annum; this is due to rise to £320 following the rent subsidy of £480 reducing the market value rent of £800 per annum but still resulting in a small revenue increase to the council.</p> <p>Contact officer: Nina Philippidis, nina.philippidis@cheltenham.gov.uk, 01242 264121</p>

Legal implications	<p>Whilst lettings of more than 7 years must usually be at best consideration (s123 Local Government Act 1972), by virtue of a General Consent by the Secretary of State the Council has discretion to let at an undervalue where such letting is for the social, economic or environmental benefit of the Borough, its inhabitants or any of them.</p> <p>Where leases are for less than 7 years, there is no statutory obligation to obtain best consideration, but the Council must of course follow its general duties to act reasonably and even-handedly.</p> <p>Although originally for a term of 35 years, this lease now has fewer than 7 years to run.</p> <p>Therefore In order to charge the tenant a rent that is less than market value Council can rely either (a) on the General Consent, or (b) treat the lease as being exempt from the obligation to get best consideration as being for a term of less than 7 years.</p> <p>Contact officer: Rose Gemmell, 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 Charlton Kings Youth and Community Centre not be awarded the rent subsidy there is a possibility that the youth club may have to close.</p>
Corporate and community plan Implications	<p>By agreeing this application Charlton Kings Youth and Community Centre will contribute to support the Council Priorities of:</p> <ul style="list-style-type: none"> * Focussing on children and young people * Strengthening our communities
Environment 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

- 1.1 Charlton Kings Youth and Community Centre (from now on abbreviated to CKYCC) is a registered charity and lease approximately 200 square metres of land (on which their building stands) from the Cheltenham Borough Council. The land is leased for a term of 35 years which commenced the 1st October 1986 at annual rent of £175 per year (the current passing rent).
- 1.2 The rent has remained static since the commencement of the lease. A rent review was exercised on the 1st October 2014 and the market rent has been assessed at £800 per year.
- 1.3 CKYCC have made an application under the Council's 3rd Sector Policy; copy of the application is attached, Appendix 2.
- 1.4 A meeting of the 3rd Sector Policy Board considered the application from the CKYCC for the rent relief and concluded that a relief of **60%** to charitable institutions renting Council-owned property was appropriate. A copy of the panel's decision is attached as Appendix 2. Effectively this will reduce the rent to £320 per year, a £145 per year increase on the current passing rent.

2. Reasons for recommendations

- 2.1 The 3rd Sector Policy Board considered the application from the CKYCC and concluded that the following subsidies could be applied:
 - * **20%** subsidy in respect of the CKYCC contribution to the Council's Objective 3, Strengthening Our Communities.
 - * **20%** subsidy in respect of the CKYCC contribution to the Council's Objective 5, A Focus on Children and Young People.
 - * **20%** discount to any charity renting Council property.

3. Alternative options considered

- 3.1 The Council could decide not to offer the CKYCC a rent subsidy, this may result in the strong possibility that the CKYCC would no longer be able to provide a youth and community club within that area.

Consultation and feedback

2. Ward Members Councillor Helena McCloskey and Councillor Paul McCloskey, questions and corrections were addressed.

The Report was submitted and approved by the Asset Management Working Group on the 16th June 2016.

4. Performance management –monitoring and review

- 4.1 N/A

Report author	Contact officer: Simon.Hodges@cheltenham.gov.uk, 01242-775148
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Application by Charlton Kings Youth & Community Centre and 3rd Sector Policy Board Decision.3. Location Plan
Background information	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 40% rent payments and closes, then this will result in a loss of a community facility.	Simon Hodges	21 st April 2016	2	2	4	Accept	None	21 st April 2016	Simon Hodges	
Explanatory notes											
<p>Impact – 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>Likelihood – 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>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the

need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on