

Cheltenham Borough Council
Rent Support for Gloucester and District Citizens Advice Bureau
Delegated decision by Cllr. Rowena Hay, Cabinet Member Finance

Accountable member	Cllr. Rowena Hay, Cabinet Member Finance
Accountable officer	Richard Gibson, Strategy and Engagement Manager
Ward(s) affected	All
Key Decision	No
Executive summary	<p>As part of the Council's long-standing commitment to support the work of the Gloucester and District Citizens Advice Bureau, the organisation has received a rental subsidy on the property it rents from the Council, 3 St. Georges Place.</p> <p>In January 2014, cabinet agreed to award a rent subsidy of 80% to the CAB against the rental costs of £10k per annum for the term of their lease at the time, which was three years.</p> <p>In April 2018, cabinet agreed to award a rent support grant of 66% against the rental costs of £12k per annum.</p> <p>As the former lease expired in September 2017, a cabinet member decision is required to extend the rent subsidy arrangement of 80% up to the point of the April 2018 decision at which point the rent subsidy will drop to 66%.</p>
Recommendations	To extend the rent subsidy of 80% awarded to the Gloucester and District Citizens Advice Bureau for the property at 3 St. Georges Place from September 2017 to April 2018.
Financial implications	<p>The impact on the council of extending the period for which the 80% rent subsidy period applies (rather than 66%) over the 7 months from Sept 2017 to April 2018, based on £10k rent is £817.</p> <p>Contact officer: Jon Whitlock Business Partner Accountant Business Support Services Jon.Whitlock@publicagroup.uk 01242 264354</p>

<p>Legal implications</p>	<p>Under S123 Local Government Act 1972, leases for a term greater than 7 years must be for the best consideration reasonably obtainable. The only exemption to this is where the letting at less than best consideration contributes to the 'social, economic or environmental well-being' of the council's area or residents. Whilst leases for a term of less than 7 years do not have to be for the best consideration reasonably obtainable, the council must still have regard to its general fiduciary duty.</p> <p>Granting a lease at market rent, whilst implementing a policy of grant support, means that if the tenant at any time fails to meet the grant criteria, there is no complicated legal mechanism for ensuring that the rent is uplifted to market value: the grant is simply suspended. Accordingly, the Policy for Property Lettings and Disposals to the Third Sector, Voluntary and Community Groups was adopted by Cabinet on 13 December 2016.</p> <p>Legal advice was sought on whether this policy would fall foul of rules against State Aid. State Aid occurs when financial assistance is given by a public body which favours certain organisations and distorts or threatens to distort competition between Member States of the EU. The advice is that the letting at an undervalue to community organisations will not be State Aid if:</p> <ul style="list-style-type: none"> • The proposed tenant is a not for profit organisation; • The use of the building will be for a community purpose; and • The activities carried out by the organisation(s) are of local interest only. <p>Contact Kaveena Dayalji Solicitor One Legal Tel: 01684 272016 DX: 11406 Tewkesbury www.tewkesbury.gov.uk</p>
<p>HR implications (including learning and organisational development)</p>	<p>If the Council is overly generous in subsidising tenancies with grants, this will result in reduced income from assets and cumulative impacts on the Council's medium term financial strategy.</p> <p>If appropriate and transparent grant agreements are not put in place, tenants may be more difficult to remove if they fail to meet the terms of any subsidised letting arrangement, with the potential for associated adverse publicity for the Council;</p> <p>If prospective tenants cannot demonstrate a robust business plan when taking on property commitments from the Council, there is an increased risk of failure and associated financial and reputation impacts for the authority.</p>
<p>Key risks</p>	<p>The revised assessment scheme is based on the council's corporate strategy outcomes.</p>
<p>Corporate and community plan Implications</p>	<p>None identified</p>
<p>Property/Asset Implications</p>	<p>The rental implications of the subsidy are set out in the report</p> <p>Contact officer: Rebecca Conway Rebecca.Conway@cheltenham.gov.uk</p>

1. Introduction

- 1.1 As part of the Council's long-standing commitment to support the work of the Gloucester and District Citizens Advice Bureau, the organisation has received a rental subsidy on the property it rents from the Council, 3 St. Georges Place.
- 1.2 In January 2014, cabinet agreed to award a rent subsidy of 80% to the CAB against the rental costs of £10k per annum for the term of their lease at the time.
- 1.3 In April 2018, cabinet agreed to award a rent support grant of 66% against the rental costs of £14k per annum.
- 1.4 As the former lease expired in September 2017, a cabinet member decision is required to extend the rent subsidy arrangement of 80% up to the point of the April 2018 decision at which point the rent subsidy will drop to 66%.

Report author	Contact officer: Richard Gibson Strategy and Engagement Manager richard.gibson@cheltenham.gov.uk 01242 235 354
Appendices	1. Risk Assessment
Background information	

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 appropriate and transparent grant agreements are not put in place, tenants may not understand the consequences if they fail to meet the terms of any subsidised letting arrangement.	Richard Gibson	18.6.18	2	2	4	Accept	Devise rent support grant agreements in conjunction with One Legal	June 2018	Richard Gibson	
	If prospective tenants cannot demonstrate a robust business plan when taking on property commitments from the Council, there is an increased risk of failure and associated financial and reputation impacts for the authority.	Mark Sheldon	18.11.16	2	3	6	Accept	Ensure effective assessment of rent support grant applications	Dec 16	Richard Gibson	
	If the grant expires or is terminated, tenants will remain responsible for payment of rent at market value. This may result in an increase in arrears.	Mark Sheldon	18.11.16	2	2	4	Accept	Ensure effective assessment of rent support grant applications and that tenants are aware of the risks that the grant is time-limited.	Dec 16	Richard Gibson	
<p>Explanatory notes</p> <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>											