

Cheltenham Borough Council

Cabinet

16 April 2013

3rd Sector Application for Retail Premises at 39 Grosvenor Street

Accountable member	Cabinet Member for Finance, Councillor John Rawson
Accountable officer	David Roberts (Head of Property and Asset Management)
Ward(s) affected	All Saints
Key Decision	No
Executive summary	The Council received a request from Cheltenham Open Door that consideration be given to agreeing a rent subsidy for its project at 39 Grosvenor Street. The project satisfies 3 of the Council's Key Objectives and that, as a result, a rent subsidy is proposed.
Recommendations	1. It is recommended that Cabinet agrees to accept the recommendation of the 3rd Sector Panel and authorise the Director of Resources to administer a rent reduction of 80% against the new rent of £7,500pa associated with a new lease to be granted to Cheltenham Open Door by Cheltenham Borough Council, and to consider a further discretionary allowance of 20% upon the rent as recommended by the Assessment Panel.

Financial implications	At a time when the council is faced with significant budgetary pressures, the approval of a new subsidy represents a reduction in income of £6,400. This will have to offset by other income sources to prevent a budget reduction being required. Contact officer: Nina Philippidis nina.philippidis@cheltenham.gov.uk, 01242 775221
Legal implications	None arising from the report Contact officer: Rose Gemmell Rose.gemmell@teWKesbury.gov.uk, 01684 272014
Key risks	If Cabinet does not approve the rent subsidy, it is extremely likely that the charity will be unable to continue its important function of assisting homeless and needy people within the Borough.
Corporate and community plan Implications	Cheltenham Open Door provides significant support to vulnerable people and is a stakeholder within the Council's homelessness strategy
Environmental and climate change implications	None

1. Background

- 1.1** Cheltenham Open Door is a registered charity #1063434 (hereinafter referred to as Open Door) which entered into a lease with the Council for a term of 15 years from 1998 at an initial rent of £6,500pa for shop premises known as 39 Grosvenor Street, a location plan is attached to this report at Appendix III. The rent currently passing is £8,000pa
- 1.2** Open Door seeks to provide support to members of the community who are marginalised, vulnerable, disadvantaged and suffering social and emotional stress. The property in Grosvenor Street provides a focus point from which hospitality, food, warmth are offered. Access to support workers is also provided as well as advice and routes to other specialised agencies.
- 1.3** Open Door is a voluntary organisation and a registered charity purely supported by donations and grants.
- 1.4** Currently the Council supports Open Door by way of an annual rent grant of £8,000. In 2011 the Council's policy towards the distribution of rent grants was amended to assess charitable and other 'not for profit' institutions contribution to the Council's key objectives, and to allocate funds dependent upon the fulfilment of these criteria.
- 1.5** The current lease is due for renewal and in line with the Council's 3rd Sector Policy, Open Door has made an application for rent relief and a copy of the application is included within Appendix II.
- 1.6** The Market Rent of the premises is currently considered to be £7,500pa
- 1.7** A meeting of the 3rd Sector Policy board considered the application from Open Door for rent relief on the lease of 39 Grosvenor Street and concluded that a relief of 60% should be applied in this case and an additional subsidy of 20% applicable to charitable institutions renting Council-owned premises, was appropriate. Further the Assessment Panel has suggested that Cabinet consider a discretionary allowance of a further 20% be given in this case. A copy of the Panel's decision is attached as Appendix II.

2. Reasons for recommendations

- 2.1** The 3rd Sector Policy Board considered the application from Cheltenham Open Door and concluded that the following subsidies could be applied:
 - 20% subsidy in respect of Cheltenham Open Door contribution to the Council's Objective 1 'Enhancing and Protecting our Environment'
 - 20% subsidy in respect of Cheltenham Open Door contribution to the Council's Objective 3 'Strengthening Our Communities'
 - 20% subsidy in respect of Cheltenham Open Door contribution to the Council's Objective 5 'A Focus on Children and Young People'
 - 20% subsidy reflecting Cheltenham Open Door is a registered charity.

3. Alternative options considered

- 3.1** Cabinet could consider turning down the application made by Open Door but this would result in either scaling back, or more likely, closure of the operation at 39 Grosvenor Street, resulting in the loss of a valuable charitable service and leave a further retail premises vacant.

4. Consultation and feedback

4.1 Ward Councillors have been advised of this proposal and positive feedback has been received.

5. Performance management –monitoring and review

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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Decision of 3rd Sector Assessment Panel.3. Location Plan
Background information	<ol style="list-style-type: none">1. Open Door Budget 20132. Appendix 1 of submission (list of Trustees)3. Appendix 2 of submission (Memorandum of Association)

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
1	If the application is supported then the Council will see a reduction in it's rent line of at least £6,400pa.	DLR		5	6	30	Accept	Report to Cabinet		CF	
2	If the application for subsidy is not supported then the Cheltenham Open Door is likely to cease to operate resulting in the loss of a community support facility for vulnerable people and a follow-on risk to the Council's reputation and another empty shop in the town centre.	DLR		5	6	30	Accept	Report to Cabinet		CF	