

FULL COUNCIL REPORT

Date Written	29 th October.2015
Report Author	Lisa Emerson
Service Area	Corporate Property
Exempt/Non Exempt	Non Exempt
Committee Date	2 nd December 2015

To: Mayor, Ladies and Gentlemen

COMMUNITY ORGANISATION RENTAL POLICY

1.0 SUMMARY OF THE REPORT

- 1.1 This report sets out details of a proposed new policy in relation to leasing property to Community Organisations.
- 1.2 Community Organisations need to be non-profit making, community led, properly constituted and have the skills and capacity to effectively manage the property.
- 1.3 All leases are to be supported by an appropriate internal department of the Council
- 1.4 All leases are to be agreed at full market rental value, subject to 3 yearly rent reviews index linked to the RPI.
- 1.5 Rental grants can be applied for by tenants for three year periods, which will be assessed by Accountancy and reported to Cabinet in each case.

2.0 RECOMMENDATION(S) that:

- 2.1 The Community Organisation Rental Policy for implementation from the date of this Report be adopted.

3.0 INTRODUCTION

- 3.1 A fundamental aim of the Council is to support community development and empowerment of communities to help them deliver their own solutions to local needs and demands. People are the strongest and most valuable asset that a community has and the management of fixed assets by well organised and

supported organisations will encourage greater community activity and responsiveness in local areas.

- 3.2 The Community Organisation Rental Policy sets out the Councils policy in respect of leasing property to non-profit making community organisations, where the property is deemed appropriate for lease for community use.
- 3.3 The Council will accept expressions of interest from not-for-profit community organisations. Applicants should have the following:

Community led

- Strong links with the local community and directly benefits the people of Merthyr Tydfil
- Benefits as wide and diverse a range of local people as possible and demonstrate an inclusive approach to all members of the community
- Decision making process influenced by local community
- Primary purpose must be non-commercial

Properly constituted

- Demonstrate good governance through open and accountable processes
- Clear management and financial systems
- Constitution should be fit for purpose

They should also have the necessary skills and capacity to:

- Deliver services and manage the asset being transferred, with access to appropriate skills; **OR**
- Be aware of the need to build capacity and demonstrate how this will be achieved.

4.0 POLICY

- 4.1 In accordance with the Councils Constitution any property to be leased out by the Council needs to be negotiated and agreed by Corporate Property. Any leases to community organisations need to be supported by an appropriate internal department to ensure that the objectives of the organisation align to the Councils corporate objectives. An appropriate Service Level Agreement will be necessary as a condition of the lease.
- 4.2 All leases will be agreed on the basis of a market rent of the property. There will be 3 yearly rent reviews which will be index linked to the Retail Price Index. At this stage no discount will be reflected in the rental calculation. The tenant is required to agree to this rent before the rental grant process can proceed.
- 4.3 All tenants will be required to pay a minimum of £52 per annum. A rental grant of up to 100% of the remaining market rent will be considered by the Council.

- 4.4 Leases will include a break clause exercisable by the tenant in the event that a rental grant is not forthcoming. This enables the tenant to end the lease without incurring financial penalties, if either the rental grant is not awarded or is later withdrawn. Tenants will still be responsible for returning the property in a condition required by the terms of the lease.
- 4.5 The tenant will be required to complete a rental grant application form. This will establish the ability of the tenant to meet their obligations under the terms of the lease, including maintenance/repair, insurance etc. A Business Plan and details of accounts will need to be provided as part of this application process. This will also establish the extent to which the tenant is able to pay rent. The form and supporting documentation should be returned to Corporate Property, which will be passed to Accountancy for assessment and determination.
- 4.6 Accountancy will confirm the extent to which a rental grant can be supported and details provided to Corporate Property. A Cabinet Report will be presented in each case.
- 4.7 Rental grants, where approved, will be provided for a three year period, after which the rental grant application process will need to be repeated. An evaluation of the extent to which the tenant has delivered on the Service Level Agreement will be undertaken as part of this process.
- 4.8 The adoption of this Community Organisation Rental Policy will supersede the existing Community Asset Transfer Policy.

5.0 FINANCIAL IMPLICATION(S)

- 5.1 There are no immediate financial implications to the adoption of this policy. Implementation of the policy may have financial implication in terms of reduced rent received depending on individual decisions taken by Cabinet in each case.

6.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

- 6.1 There will be no impact identified as a consequence of the proposal.

7.0 EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

ELLIS COOPER
CORPORATE DIRECTOR
(PLACE & TRANSFORMATION)

COUNCILLOR DAVID JONES
CABINET MEMBER (NEIGHBOURHOOD
SERVICES & PUBLIC PROTECTION)

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.