



REPORT TO: CORPORATE COMMITTEE ON 30 JANUARY 2024

SUBJECT: DISCRETIONARY COMMUNITY RENT REBATES

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1 REASON FOR REPORT

- 1.1 To invite the Committee to consider policy change options for the award of discretionary rent rebates to voluntary and community bodies (VCOs).
- 1.2 This report is submitted to the Corporate Committee in terms of Sections (III) (B) (22) and (30) of the Council's Scheme of Administration relating to its strategy, policy, budgetary and monitoring arrangements for the third sector and to the monitoring and review of concessionary rentals respectively.

2. RECOMMENDATION

- 2.1 **It is recommended that Committee approve the introduction of additional eligibility criteria as set out in paragraph 4.3 of this report.**

3. BACKGROUND

- 3.1 The Community Empowerment (Scotland) Act 2015 introduced a right for community bodies to make requests to public authorities for any land or buildings they felt they could make better use of. Eligible community bodies can request a transfer of ownership, a lease or other rights. The Act requires public authorities to assess each valid request transparently and to agree the request unless there are reasonable grounds for refusal.
- 3.2 Applications for new leases at concessionary rents are dealt with under the Council's Community Asset Transfer (CAT) Scheme. As the Act does not confer any rights to apply for rent rebates in respect of existing leases, all such applications are considered entirely at the Council's discretion.
- 3.3 Historically, the Council provided rental support to VCOs by means of entering into leases at nominal rents with no provision for a review of the rent payable during the lifetime of the lease. From 23 March 2005, the Council changed the way it handled rental support, with the rent payable set at a commercial rate but with the award of a time-limited Community Rent Rebate. Rebates are subject to regular review and, as each lease comes to an end, any request for a new lease involving rental support will be determined under the

CAT scheme. The Community Rent Rebate scheme is only open to VCOs that lease property from the Council.

- 3.4 On 30 August 2022, the Corporate Committee agreed that VCOs that have an existing lease from the Council, but which do not currently enjoy any form of rental support may apply for a discretionary rent rebate whenever the rent payable under the lease is reviewed (paragraph 10 of the Minute refers). No new applications have since been received.
- 3.5 On 7 November 2023, the Corporate Committee instructed officers to review the Council's policy on Community Rent Rebates (paragraph 17 of the draft Minute refers).
- 3.6 The options presented in this report do not apply to public trust property. Decisions made in respect of rental concessions for trust property are governed by the trust purposes, which will be specific to each trust.

4. OPTIONS APPRAISAL

- 4.1 There are four options open to the Council in relation to determining applications from existing VCO tenants for discretionary rent rebates.
 1. No change
 2. Introduce additional eligibility criteria
 3. Close the scheme to new applicants
 4. Close the scheme entirely
- 4.2 Under option 1, all applications for discretionary rent rebates would continue to be determined entirely on their own merits. Although the pre-application process provides a mechanism of advising potential applicants of issues that may lead to a recommendation for refusal, they can still proceed with their application. Consequently, this option has the disadvantage that it could lead to a significant amount of abortive work by VCOs and officers due to the high likelihood that some applications would be recommended for refusal due to the strong financial position of the applicants.
- 4.3 Under option 2, the award of discretionary rent rebates would be restricted to small local VCOs where the organisation has:
 - (i) unrestricted reserves no greater than £100,000; or
 - (ii) an annual income no greater than £300,000.
- 4.4 The above criteria are consistent with the Council's current policy on the award of discretionary non-domestic rates relief. By providing initial guidance to potential applicants, this option would reduce the amount of abortive work by both VCOs and officers and reduce the number of applications being brought to Committee. Eligible VCOs would still need to demonstrate that the requested discount is the minimum necessary to allow the project to proceed and that it is commensurate with the likely benefits of the project.

- 4.5 Under option 3, existing beneficiaries would continue to have their rebates reviewed in accordance with the current arrangements, with VCOs being required to justify any continuation of the award as with option 2 above. Over time, the number of beneficiaries would reduce to zero as each lease comes to an end, at which point eligible VCOs would have the option of making a request for a new lease at less than market value under the CAT Scheme.
- 4.6 Under option 4, existing beneficiaries would continue to enjoy a rent rebate until such time as the rent payable under the lease is due to be reviewed. They would not be able to apply for a continuation of the rebate.
- 4.7 A list of existing beneficiaries is included in **Appendix 1** to this report. Under option 3, each rebate would be reviewed with effect from the dates in the last column. Under option 4, with the exception of those relating to public trusts, the rebates would cease on these dates.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Each application is unique to the VCO making it and any links to the Corporate Plan or LOIP will be assessed at the time of the application.

(b) Policy and Legal

On 21 March 2017, the Policy and Resources Committee approved the following policy statement in relation to the transfer of assets to the community (paragraph 5 of the Minute refers):

“Moray Council recognises the important role that the transfer of property assets can play in empowering communities and strengthening their resilience. Where appropriate, the Council will use the transfer of assets to give more control to communities and local people, inspire them to find local solutions to community needs, and as a means of helping communities become more sustainable in the long term. In determining all asset transfer requests, the Council will have regard to the guidance provided by the Scottish Government in relation to asset transfer requests made under Part 5 of the Community Empowerment (Scotland) Act 2015, whether or not such requests are made under the provisions contained in the Act.”

Decisions relating to assets leased at less than market value must comply with the Disposal of Land by Local Authorities (Scotland) Regulations 2010, which require the Council to be satisfied that the proposed rental discount is reasonable and that the supported activities are likely to contribute to the promotion or improvement of any of the following purposes:

- (i) Economic Development,
- (ii) Regeneration,
- (iii) Public Health,
- (iv) Social Wellbeing, or
- (v) Environmental Wellbeing.

Reasonableness in this context is taken to imply that the requested discount is the minimum necessary to allow the project to proceed and that it is commensurate with the likely benefits of the project.

(c) Financial Implications

The current value of the community rent rebates are set out in the **Appendix** to this report. Under option 1, this value is likely to increase over time as rents/rebates are reviewed and new applications are approved. The financial implications of option 2 would be the same as for option 1 but would involve less VCO and officer time. Although the value of the rent rebates would fluctuate under option 3 depending upon the outcome of future reviews, there will be a reduction over time due to leases expiring. Under option 4 the value of rent rebates would be fixed for the duration of the remaining period until each review when they would cease entirely.

(d) Risk Implications

There are no risk implications for the Council arising directly from this report. There is a risk that some organisations might be unable to afford the increased costs if the rebates were discontinued entirely under option 4. Any specific risks associated with each application would be set out in future case-specific reports under options 1, 2 and 3.

(e) Staffing Implications

There are no staffing implications arising from this report as the work required under each option would be carried out using existing staff resources.

(f) Property Implications

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

The Council has no duty to provide financial support to the beneficiaries under the scheme, all of whom undertake activities in pursuit of their own objects. Closing the scheme entirely (option 4) would affect three existing beneficiaries – 2nd Keith Scout Group, Findochty Bowling Club, and the Buckie and District Fishing Heritage Centre – all of whom were awarded limited-life rebates under the scheme. An initial screening identified no adverse impacts arising from any of the options.

(h) Climate Change and Biodiversity Impact

There are no climate change or biodiversity implications arising directly from this report.

(i) Consultations

The Chief Financial Officer, Property Asset Manager, Democratic Services Manager and Equal Opportunities Officer have been consulted and their comments incorporated in the report.

6. CONCLUSION

- 6.1 The Committee has the options of continuing the Community Rent Rebate scheme without change, introducing eligibility criteria, closing the scheme to new applicants, or closing the scheme entirely.**
- 6.2 Introducing eligibility criteria in line with those applying to Non Domestic Rates discretionary relief is recommended.**

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Background Papers: Held by author
Ref: SPMAN-1293228629-1005