



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 8 JUNE 2021

SUBJECT: INFORMATION REPORT: CONCESSIONARY RENTALS

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

1. REASON FOR REPORT

- 1.1 This report informs the committee of the level of rental support awarded to community bodies occupying Council property under legacy schemes and short-term low-value concessions dealt with under the Scheme of Delegation.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

2. BACKGROUND

- 2.1 On 1 September 2015, the Policy and Resources Committee agreed that rental support for community bodies occupying Council property be monitored by means of an annual report (para 8 of the minute refers). On 25 May 2016, the Council agreed that all new requests from community bodies for leases at less than market value would be considered through the Community Asset Transfer (CAT) scheme (para 22 of the minute refers). As applications considered under that scheme are covered in a statutory annual report, this report only deals with ongoing legacy arrangements and approvals of short-term low-value concessions dealt with under delegated powers.
- 2.2 Historically, the Council provided rental support to community bodies by means of entering into leases at nominal rents, typically at £1 per annum or some other nominal amount that in practice would not be collected. Leases of this type are listed in **Appendix I**. As each lease ends, any request for a new lease at a concessionary rental is determined through the CAT scheme.
- 2.3 From 23 March 2005, the way concessionary rents were handled changed, with the rent payable being set at a commercial rate and a separate

Community Rental Grant (CRG) provided to offset that rent. Community bodies benefiting from this arrangement are required to re-apply for the rental grant as and when the rent payable falls to be reviewed. Arrangements subject to review in this way are listed in **Appendix 2**. The CRG Scheme is no longer open to new applicants and, as each lease ends, any request for a new lease at a concessionary rental is determined through the CAT scheme.

- 2.4 The impact of COVID-19 on staff working practices and workload has exacerbated existing pressures on staff resources within the Estates section. An example of the increased workload is that brought about by the Council's current emphasis on supporting its commercial tenants. The section's workload continues to be prioritised in favour of higher value corporate priorities, which means that rent reviews for lower value properties are not being implemented. This situation is under continuous review and the merits of implementing CRG Scheme rent reviews must be considered within this context. The properties concerned tend to have unique characteristics that make assessing rental values more staff intensive than usual.
- 2.5 On 12 May 2021, Moray Council delegated authority to the Chief Financial Officer to approve applications for short-term low-value concessionary arrangements in order to facilitate a light touch process for these and facilitate a quick response (para 16 of the draft minute refers). Concessions approved under these arrangements are listed in **Appendix 3**.
- 2.6 There are separate arrangements for dealing with rental support provided to eligible bodies following a direct application to a Common Good Fund. For this reason, these are considered outside the scope of this report.

3. SUMMARY OF IMPLICATIONS

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

Leasing assets to the community at less than market value can support the LOIP aim of creating more resilient and sustainable communities with less need for universal services provided by the public sector. It can also be consistent with the Corporate Plan value of promoting community empowerment as a means of supporting communities to take on more responsibility.

(b) Policy and Legal

On 21 March 2017, the Policy and Resources Committee approved the following policy statement (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.”

Assets leased to the community 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 transfer is reasonable and that the disposal is likely to contribute to the promotion or improvement within Moray of any of the following purposes:

- a) Economic Development,
- b) Regeneration,
- c) Public Health,
- d) Social Wellbeing, or
- e) 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 financial implications of ongoing support following a review is considered on a case-by-case basis and reported to this committee as each is taken through the relevant process. The rents forgone in relation to leases of low value and short duration are set out in **Appendix 3**.

(d) Risk Implications

There are no risk implications arising directly from this report.

(e) Staffing Implications

There are no risk implications arising directly from this report.

(f) Property

There are no property implications arising directly from this report. Any such implications arising from changes in the level of support provided are identified on a case-by-case basis during each review.

(g) Equalities/Socio Economic Impact

There are no equalities or socio-economic issues arising directly from this report. Equalities and socio-economic issues are considered on a case-by-case basis as part of each review.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), Chief Financial Officer, Head of Economic Growth and Development, Head of Education Resources and Communities, Acting Head of Housing and Property, Legal Services Manager, Estates Manager,

P. Connor Principal Accountant, Acting Community Support Manager,
L. Rowan Committee Services Officer, and Equal Opportunities Officer
have been consulted and comments incorporated in the report.

4. CONCLUSION

- 4.1 Although the Council has established appropriate arrangements for assessing new requests from community bodies for leases at concessionary rentals, there remains a legacy of agreements entered into prior to these arrangements coming into force. Some of the legacy agreements involved setting a nominal rent that will subsist until the end of the lease. Others can be reviewed at regular intervals. This report sets out the level of rental support provided under these legacy schemes together with support approved under delegated powers.**

Author of Report: Andrew Gray, Asset Management Coordinator
Background Papers: Held by author
Ref: CAT/CRG & CAT/Lite