



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 6 OCTOBER 2020

SUBJECT: INFORMATION REPORT: LEGACY RENTAL CONCESSIONS

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 the arrangements put in place to review these.
- 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 ongoing rental support for community bodies occupying Council property be monitored by means of an annual report (para 8 of the minute refers).
- 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 comes to an end the situation is reviewed with any request for a lease renewal at a concessionary rent being determined through the Community Asset Transfer (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 with a separate Community Rental Grant provided to offset that rent. Community bodies benefiting from this arrangement were required to re-apply for the rental grant as and when the rent payable fell to be reviewed. Arrangements subject to review in this way are listed in **Appendix 2**.
- 2.4 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

CAT scheme (para 22 of the minute refers). As all applications agreed under this scheme are covered in the CAT Annual Report, this report only deals with ongoing legacy arrangements put in place before the changes agreed by the Council on 25 May 2016.

- 2.5 On 3 September 2019, the Policy and Resources Committee agreed that, subject to corporate priorities and the availability of sufficient staff resource, the rent payable should be reviewed in accordance with the terms of the lease. The committee also agreed that any rental support would cease on the relevant rent review date but that requests from affected community bodies for a continuation of rental support would be considered through the CAT process as a policy exception (para 13 of the Minute refers).
- 2.6 Although the CAT process is used to determine requests for continued rental support under these legacy arrangements, they are not classed as asset transfer requests under the scheme. Consequently, any agreed changes in rental support will continue to be monitored through this annual report. All recommendations relating to a change in the level of support provided are brought to the relevant committee for determination.
- 2.7 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 to be outwith 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 10 Year Plan (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, this 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

It is not possible in this report to quantify the total loss of rental income to the Council from those arrangements listed in **Appendix 1** as current rental valuations are not available for each property. The annual loss of income from the agreements listed in **Appendix 2** amounts to £26,440.

In many cases, the Council benefits from the duty of keeping premises in good repair falling upon the tenant. Thus, services can be maintained at little or no cost to the public purse other than the rents foregone.

The financial implications of continuing support following a review is considered on a case-by-case basis and reported to this committee as each is taken through the relevant CAT process.

(d) Risk Implications

There are no risk implications arising directly from this report. For some community bodies currently in receipt of rental support there may be a risk of their activities ceasing or being severely restricted without ongoing support. This could show itself, for example, through an inability to fulfil the repairing obligations as set out in their lease. Such risks are identified on a case by case basis during each review and taken into consideration when determining a request for support.

(e) Staffing Implications

Existing pressures on staff resources within the Estates section have been exacerbated by the impact of COVID-19 on staff working practices and workload. 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 is being prioritised in favour of higher value corporate priorities, which means that rent reviews for lower value properties (currently those with rental values of less than £1,000 per annum) are not being implemented. This situation is under continuous review and the merits of implementing the rent reviews and lease renewals referred to in this report must be assessed within this context.

The properties concerned tend to have unique characteristics that make assessing rental values more staff intensive than usual

(f) Property

Property implications arising from changes in the level of support provided will be 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 would be 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, 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 the legacy schemes together with the arrangements put in place to review them.**

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Background Papers: Held by author
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