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**REPORT TO: MORAY COUNCIL ON 12 MAY 2021**

**SUBJECT: CONCESSIONARY RENTALS**

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

**1. REASON FOR REPORT**

- 1.1 To request that Council approve a simplified process for dealing with requests for concessionary rental of low value and short duration.
- 1.2 This report is submitted to Committee in terms of Section III (B) (29) of the Council's Scheme of Administration relating to the policies and practice of the Council relating to asset management.

**2. RECOMMENDATION**

**2.1 It is recommended that the Council:-**

- i) approves the process for dealing with requests for concessionary rentals of low value and short duration as set out in paragraphs 3.4 to 3.7 of this report; and**
- ii) grants delegated authority to the Chief Financial Officer accordingly.**

**3. BACKGROUND**

- 3.1 The Council has an established process for dealing with requests for Community Asset Transfer (CAT). At its meeting on 25 May 2016 (paragraph 22 of the Minute refers) the Council agreed that all requests for leases of Council land or buildings at less than market rental would be dealt with through the CAT process. This requires committee approval before a concessionary rental can be agreed.
- 3.2 Although the CAT process makes it clear that the level of justification for a CAT request should be proportionate to the level of discount sought, it is evident that this is not well understood by community groups seeking concessionary rentals. Use of the same documentation for short term concessionary rentals and transfer of ownership can lead to confusion in this regard.

- 3.3 Community response to the pandemic has led to an increase in requests from community groups seeking short-term arrangements for use of temporarily unoccupied Council property. Given the nature of the requests a swift turnaround is often necessary and adherence to committee timescales does not facilitate an agile response.
- 3.4 In order to facilitate a light touch application for concessionary rentals and to facilitate a quick response for short-term low value concessionary arrangements it is proposed that delegation for approving concessionary rentals is delegated to the Chief Financial Officer, acting in conjunction with the Head of Housing and Property Services and other officers as necessary, if the following circumstances pertain:
- Where the annual value of the lease is £1,000 or less, a lease or licence to occupy may be granted and renewed until that threshold is reached; or
  - Where the annual value of the rent forgone is between £1,000 and £6,000 and the length of the requested lease or licence to occupy is for no more than 6 months, with any request for extension subject to committee approval
- and in all cases
- The service whose property is requested for use supports the request;
  - Ward members support the request.
- 3.5 If the above process is approved a simple application form will be drafted and made available on the Council's website through the CAT portal.
- 3.6 The Council expects that community groups occupying Council properties under concessionary rentals should be responsible for meeting the cost of utilities and insurance for the buildings. Insurance will be arranged by the Council and recharged to the community group, unless the group can demonstrate to the satisfaction of the Chief Financial Officer that it cannot meet the cost of insurance. No such exception should be made for the cost of utilities. The repair to any damage to the property incidental to the occupation by the community group should be paid for by the community group. The community group would be responsible for paying Non Domestic Rates (NDR), though NDR relief may be available.
- 3.7 The Council would generally charge fees for work carried out by its Legal and Estates staff in arranging for occupation of Council premises. If a community group requesting a short term use of Council premises can demonstrate to the satisfaction of the Chief Financial Officer that it is unable to pay such fees then the Chief Financial Officer can waive the fees providing the work involved in arranging for occupation does not incur additional expenditure to the Council (ie staff time only involved) and the cost of staff time does not exceed £500. Any additional expenditure such as registration dues should be met by the group.

#### **4. SUMMARY OF IMPLICATIONS**

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

The proposed process is to facilitate support to community groups and accords with the corporate priority of Our Place.

**(b) Policy and Legal**

Granting concessionary rental is support for another organisation in terms of Following the Public Pound and should be monitored as such. The Council fulfils this duty by reporting on concessionary rentals to committee on an annual basis.

**(c) Financial implications**

No financial implications follow directly from this report. Granting a concessionary rent in most – but not all - circumstances gives rise to a loss of potential rental income to the Council.

**(d) Risk Implications**

There are no risks to the Council arising directly from this report.

**(e) Staffing Implications**

There are no staffing implications arising directly from this report.

**(f) Property**

There are no property implications arising directly from this report.

**(g) Equalities/Socio Economic Impact**

There are no equalities issues arising directly from this report.

**(h) Consultations**

CMT, the Acting Head of Housing and Property Services, the Estates Manager, the Head of Governance, Strategy and Performance, the Legal Services Manager, the Community Support Manager, the Asset Management Co-ordinator and Tracey Sutherland, Committee Services Officer have been consulted in the preparation of this report and comments included.

#### **5. CONCLUSION**

**5.1 A simplified process is recommended for short term concessionary lets of low value, with authority delegated to Officers to implement.**

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref: