

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

18th December 2012

CONCESSIONARY RENTS – PRE-DECISION SCRUTINY, SHORT, SHARP REVIEW – FINAL REPORT

Relevant Portfolio Holder	Councillor Phil Mould, Portfolio Holder for Corporate Management.
Portfolio Holder Consulted	No, the Portfolio Holder was not interviewed by the group.
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources.
Ward(s) Affected	No specific ward relevance.
Ward Councillor(s) Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report presents the findings of the Concessionary Rents Pre-Scrutiny Short Sharp Review Group. The report should be considered alongside the Concessionary Rents Policy produced by Officers for the consideration of Members.
- 1.2 The Group was not permitted to view the content of the Concessionary Rents Policy prior to the time of writing, although they did receive an overview outlining the proposals that were due to be made by Officers on the subject.

2. RECOMMENDATIONS

The Overview and Scrutiny Committee RECOMMENDS:

- 1) that any Council policy on concessionary rents ensure that a consistent, fair, clear and transparent approach is applied to dealing with applications from third sector organisations;**
- 2) that any third sector organisation looking to obtain a concessionary rent from the Council be required to submit a detailed business case outlining their plans for a particular property;**
- 3) that Officers facilitate a series of workshops to advertise and promote the new policy to the third sector in Redditch;**

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- 4) that the Council work with the local media and utilise social networks and its own website to publicise the new policy to the third sector in Redditch;
- 5) that each approved concessionary rent agreement be for a minimum five year duration, include a three year break clause, and be monitored on an annual basis;
- 6) that the Council undertake a review of the approved policy twelve months after its inception;
- 7) Officers further investigate suitable organisations to which third sector groups could be signposted with regard to obtaining independent advice on renting and managing properties; and

RESOLVE that

the report be noted.

3. KEY ISSUES

Background

- 3.1 The review of Concessionary Rents in Redditch was launched in July 2012. The Overview and Scrutiny Committee appointed Councillors Andrew Brazier and Juliet Brunner to carry out the review.
- 3.2 The Committee requested at its meeting on 17th July 2012 that the exercise be completed as a short, sharp review for pre-decision and be considered alongside the proposed new policy for concessionary rents in Redditch. A pre-decision scrutiny exercise involves members of the Overview and Scrutiny Committee looking at an area that is due to be the subject of a report to be considered by the decision making Executive Committee.
- 3.3 The review was undertaken to assess the rationale behind the proposed introduction of the new Council policy for offering concessionary rents to third sector organisations on Council owned commercial properties. This would involve consulting with relevant Council Officers who had been tasked with drafting the new policy and with representatives from the third sector in Redditch. It would also involve reviewing the effectiveness of concessionary rents policies that had been implemented by other local authorities.

RECOMMENDATIONS

- 3.4 Further information about each of the Concessionary Rents Short, Sharp Review Group's recommendations is provided below:

Recommendation One: We RECOMMEND that that any Council policy on concessionary rents ensure that a consistent, fair, clear and transparent approach is applied to dealing with applications from third sector organisations.

- 3.5 During their investigations, the Group heard that there is currently no policy or process in place at the Council for dealing with applications from third sector organisations (TSOs) for concessionary rents. Existing applications from TSOs for concessionary rents in Redditch are therefore dealt with on an ad-hoc basis and assessed entirely on the information submitted by the TSO. It was explained to the Group that having a clear written policy for offering concessionary rents to TSOs in Redditch would provide much needed clarity and transparency on the issue.
- 3.6 Having consulted Bristol City Council about the introduction of their *Community Asset Transfer Policy (2010)*, Members were informed that the policy had been successful in ensuring that a consistent approach was applied by the Council to dealing with applications for concessionary rents from local TSOs. The Group was also informed by a prominent third sector representative in Redditch that a clear and transparent policy would likely lead to the Council adopting a fairer approach on this issue.
- 3.7 The Group therefore very much supports the Officers intention that the Council's proposed new policy will provide a consistent, fair, and transparent approach to dealing with applications from TSOs for concessionary rents. The Group asserts that any new policy built upon these principles would tie in very closely with the Council's values of working in partnership with local partners, including the voluntary sector, to deliver its priorities; and promote greater fairness through equal treatment for all affected in the Borough.

Recommendation Two: We RECOMMEND that any third sector organisation looking to obtain a concessionary rent from the Council be required to submit a detailed business case outlining their plans for a particular property.

- 3.8 Through their consultation with Bristol City Council, the Group heard that the Council requires all TSOs to submit a well-prepared business case outlining their detailed plans for renting a particular property. All business cases need to explain in writing how the TSO intends manage and develop the property and provide detailed evidence of how the TSO is able to finance its concessionary rent for the duration of the agreement. It also requires information on the benefits that the agreement is expected to produce both for the TSO/s and Council and how these would be measured, and details of contingency arrangements should the agreement provide unsustainable. Consideration of the business plan is a fundamental element of the Council's assessment process for all applications for community asset transfers, including concessionary rents.
- 3.9 The Group feels that having something in writing in Redditch would be beneficial to both the voluntary sector and Borough Council as it would enable Officers to undertake a thorough assessment of the TSO/s intentions and its ability to deliver on any agreement. Importantly, this would require the TSO/s to be realistic about its ability to pay rent on a Council owned property. This could therefore prevent some TSO/s from forging ahead with an unrealistic application. It would also give the TSO/s the opportunity to explain what added-value in terms of benefits to the community a lease could bring, especially if this was proposed by a consortium of TSOs acting together.
- 3.10 The Group therefore recommends that the submission of a detailed business case from any TSO looking to obtain a concessionary rent to manage a Council owned property for any period of time should become a fundamental feature of how the process would be managed by the Council.

Recommendation Three: We RECOMMEND that Officers facilitate a series of workshops to advertise and promote the new policy to the third sector in Redditch.

- 3.11 During its investigations of how concessionary rents policies at other local authorities had been promoted following their introduction, Members were informed by Bristol City Council that they had facilitated a series of workshops to explain why the policy had been established. This enabled the Council to successfully engage with the local voluntary sector as it gave

local stakeholders the opportunity to quiz Council representatives about the policy and to gain an understanding of how its introduction could be of benefit to them.

- 3.12 The Group feels that it would therefore be prudent for the Borough Council to hold its own workshop/s in the local community setting to help engage the local voluntary sector on this new policy. Members suggest that holding these workshops at various locations across the town where voluntary sector organisations operate or are likely to congregate would be more effective than holding a single event at the Town Hall.

Recommendation Four: We RECOMMEND that the Council work with the local media and utilise social networks and its own website to publicise the new policy to the third sector in Redditch.

- 3.13 During its brief investigation into the proposed introduction of concessionary rents in Redditch, the Group was informed that it can be often be difficult for the local authorities to engage comprehensively with all third sector organisations in the particular area, often not least due to their sheer number and diversity. Members therefore feel it is imperative that the new policy is communicated effectively to ensure buy-in from the voluntary sector in Redditch.
- 3.14 The Group suggests that the Council's own website is an obvious facility for communicating this information to the voluntary sector in Redditch. Elsewhere, the Group proposes that the Council draw upon the increasing popularity of social networks as a free and effective means of informing TSOs in Redditch about the policy and how it might be of benefit to them. The Group suggests that relevant Officers work with representatives from the voluntary sector in Redditch regarding how social networks could be utilised most effectively. Finally, the Group proposes that Officers and, potentially, the Portfolio Holder for Corporate Management, Councillor Phil Mould, work with the local media to more widely publicise the new policy if eventually approved.

Recommendation Five: We RECOMMEND that each approved concessionary rent agreement be for a minimum five year duration, include a three year break clause, and be monitored on an annual basis.

- 3.15 During its consultation with Bristol City Council, the Group was informed that a service level agreement is drawn up upon the completion of each community asset transfer to set out the terms of agreement between the

TSO and Council. Each agreement runs for five years and is monitored on an annual basis.

- 3.16 Having also consulted with a representative from the local voluntary sector, the Group was informed that, for a number of TSOs, the length of the agreement would likely need to be for at least five years to make this a viable proposition for either an individual or consortium of TSOs. This would be especially applicable if they were looking to rent a Council owned property and possessed any significant plans during its occupation, including for possible redevelopment, or if the TSO/s was in the process of bidding for a Council grant and required a longer term lease to make this practicable.
- 3.17 The Group is aware that shorter-term leases, e.g. for a maximum three year period, could appear more suitable for the Council as it would prevent the Council from being tied into a long term period with a TSO unable to satisfy the terms of the agreement. In light of this, the Group recommends that a three year break clause be included in all five year lease agreements as an insurance measure to legally enable the Council to end a lease in the event of this becoming necessary.
- 3.18 The Group feel that this arrangement would therefore provide legal security for the Council in the form of the three-year break clause, and an incentive for a TSO/s to rent a Council owned property for at least a five year period if it acted in accordance with its original agreement with the Council.

Recommendation Six: We RECOMMEND that the Council undertake a review of the approved policy twelve months after its inception.

- 3.19 The Group was informed that Bristol City Council was about to undertake its first comprehensive review of the Community Asset Transfer Policy it introduced in 2010. It was thought the undertaking of a review after a two year period was timely as it would enable the Council to accurately assess what had worked well and what had not worked so well since the policy's implementation. The Council should therefore be in a position to make changes to the policy accordingly to both its own benefit and that of the local voluntary sector.
- 3.20 The Group recommends that the Borough Council also undertakes a thorough review of its own policy twenty-four months after its inception should it eventually be approved. The Group feels that this would be a suitable point to evaluate how the policy has worked in practice as it would

provide sufficient opportunity for trends to emerge that could be identified and addressed by relevant Officers.

Recommendation Seven: We RECOMMEND Officers further investigate suitable organisations to which third sector groups could be signposted with regard to obtaining independent advice on renting and managing properties.

- 3.21 The Group was made aware during its investigations that Bristol City Council had worked in partnership with the Ethical Property Foundation when promoting its Community Asset Transfer Policy in 2010 following its introduction. The Foundation, a registered charity, provides comprehensive advice to TSOs on property issues. This includes the provision of expert guidance to enable the TSO to fulfil their property objectives. According to its own website, the consultation falls into six main areas, covering: a feasibility study to assess the viability of owning or renting properties; financial advice; improving premises; making best use of a property; operational management advice; and developing premises. Since 2005, the Foundation has supported over 1,000 TSOs to rent, buy, let, or manage a property.
- 3.22 It is understood that the Foundation is in the process of launching its full property advice service nationally to provide assistance to many more TSOs. It has so far only been able to provide this full service to TSOs based in London or the South West.
- 3.23 Therefore, the Group feels that the expertise held by the Foundation could be extremely beneficial to TSOs in Redditch who are looking to rent a Council owned commercial property, yet require some assistance at any stage of the process. This might involve drawing upon the Foundation's expertise when developing a detailed business case outlining their plans for a particular property, as already recommended by the Group. Furthermore, the Group suggests that this arrangement would ultimately be of benefit to the Council as it would likely strengthen the proposals from each TSO for renting a Council owned property and give the TSO/s a much greater appreciation of how this should be managed in the event of a successful application. Ultimately, this could strengthen the overall concessionary rents process.

Financial Implications

- 3.24 It is possible that a small amount of funding would be required to finance the operation of a series of workshops to advertise the new policy.

However, it is expected that these costs would be minimal, especially if these were held in a local community centre as suggested.

Legal Implications

3.25 There are no specific legal implications.

Service / Operational Implications

3.26 The review was launched as a pre-decision scrutiny exercise following a decision by Officers to create a new policy for offering concessionary rents to third sector organisations for Council owned commercial properties in Redditch. The Group's final recommendations are intended to compliment and enhance this proposed new policy.

3.27 There are no other specific implications.

Customer / Equalities and Diversity Implications

3.28 It is expected that the new policy will create a fairer, open and transparent process for third sector organisations to apply for concessionary rents for Council owned properties in Redditch. It is therefore hoped that this will improve the level of service that the Council provides for the local voluntary sector.

3.29 There are no other specific implications.

4. RISK MANAGEMENT

No specific risks have been identified.

5. APPENDICES

No appendices

6. BACKGROUND PAPERS

Bristol City Council, Community Asset Transfer Policy (2010)
Hull City Council, Community Premises Pack (2010)

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AUTHOR OF REPORT

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