

LETTINGS TO NOT-FOR-PROFIT-ORGANISATIONS

1 Purpose of Report

- 1.1 The purpose of this report is to seek affirmation of the approach to letting premises to not-for-profit organisations.

2 Executive Summary

The Council's normal practice for lettings to not-for-profit organisations is to charge the appropriate market rent. This is to ensure compliance with the Council's statutory obligations, and to provide openness and transparency to the Council's grant aid process.

3 Appendices

APPENDIX 1: Policy for lettings for not-for-profit organisations.

4. Proposed Action:

The Committee is invited to RESOLVE that the proposals set out in appendix 1 be adopted for the management of the property portfolio.

5 Background

- 5.1 The Council's normal practice for lettings to not-for-profit organisations is to charge the appropriate market rent. This is to ensure compliance with the Council's statutory obligations, separate the functions of grant aid and landlord, and provide openness and transparency to the Council's grant aid process.

6 Discussion

- 6.1 Non-profit organisations have a broad diversity of purposes and missions and therefore, a set of principles needs to be agreed, in order that a uniform approach can be taken with each individual case.
- 6.2 The Council's normal practice for lettings to not-for-profit organisations is to charge the appropriate market rent. This is to ensure compliance with the Council's statutory obligations, separate the functions of grant aid and landlord, and provide openness and transparency to the Council's grant aid process.
- 6.3 If a tenant not-for-profit organisation wishes a grant from the Council to help it meet its operating costs, including any rent payable to the Council, it applies for a grant in the usual way and its application is assessed applying the criteria established for that purpose. This approach seeks to ensure that all not-for-profit organisations seeking grant aid are treated equally and that such organisations do not receive financial support from the Council to which they would not otherwise be entitled merely by virtue of being tenants of the Council.

- 6.4 As with any practice of general application, there are exceptions, limited to cases where it would be impractical or inappropriate to utilise the grants regime and where there is no potential for precedent setting. Where exceptions are made these are for:
- (a) Specific activities of very limited duration, such as for assembling the Wellingborough Carnival or construction of stage scenery by a local group for use in a performance at The Castle.
 - (b) Short-term arrangements as part of the process of managing the Council's liability for rates on vacant premises.
- 6.5 Non-market rents are also used where property is let to not-for-profit organisations contracted to deliver services from that property on behalf of the Council or its partners. These exceptions are approved by the Committee.
- 6.6 It is recognised that the financial position of many not-for-profit organisations tends to be fragile and many will be deserving of assistance to achieve their aims which often will be supporting the objectives and priorities of this Council.
- 6.7 However, it is almost invariably the case that the level of demand for financial support exceeds the funding the Council is able to allocate for such purposes each year. To seek to ensure that the funding available is allocated to best effect, the Council operates a transparent and objective assessment and allocation methodology within its various grants regimes. Officers are of the opinion that the Council's grants regime should be the route for providing financial support to external organisations in cases such as this.

7 Legal Powers

- 7.1 Under S123 Local Government Act 1972, leases for a term greater than 7 years must be for the best consideration reasonably obtainable. The only exemption to this is where the letting at less than best consideration contributes to the 'social, economic or environmental well-being' of the whole or any part of the Borough, or of all or any persons resident or present in the Borough. Whilst leases for a term of less than 7 years do not have to be for the best consideration reasonably obtainable, the council must still have regard to its general fiduciary duty.

8 Financial and Value For Money Implications

- 8.1 The Council faces significant budgetary challenges in continuing to support the current range of services provided either directly or indirectly by the Council.
- 8.2 Given the Council's current financial position and the need for consistency in dealing with the rental of Council land and buildings by not-for profit organisations any request for a rent exemption should not be supported.

9 Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Departure from current approach to the disposal of property	<ul style="list-style-type: none"> • Potential for financially adverse precedent setting 	Highly likely	Affirm the current approach

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
interests to non-profit organisations	<p>resulting in reduced income from assets and cumulative impacts on the Council's medium term financial strategy</p> <ul style="list-style-type: none"> • Possible challenge on the grounds of equality 	Medium	

10 Implications for Resources

None

11 Implications for Stronger and Safer Communities

Community-based organisations play a recognised in making communities stronger and safer

12 Implications for Equalities

A screening has been undertaken which determined that a full equalities impact assessment is not required.

13 Author and Contact Officer

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14 Consultees

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15 Background Papers

none

APPENDIX 1

Policy for letting premises to not-for-profit organisations

BACKGROUND

The council has an extensive property portfolio held directly for operational purposes or to generate revenue in support of its operational objectives.

It receives requests from organisations to let premises at less than best consideration on the grounds that the work of the organisation concerned supports Council objectives and the organisation is therefore deserving of financial support.

The Council has various grant systems in place by which organisations can seek financial support. These grant regimes have standard application and assessment procedures that are fair and transparent and designed to allocate the funding available to best effect.

LETTING POLICY

This applies to lettings, licences and other means by which usage and occupation of Council property takes place. Hereafter referred to collectively as lettings.

This applies to charities, community and voluntary organisations, and other not-for-profit organisations as well as commercial organisations that might be wishing to undertake a non-commercial activity. For the avoidance of doubt, promotional activity by a commercial organisation is regarded as a commercial activity.

The policy is that such organisations *taking a lease of more than a transitory nature* shall pay best consideration for usage of premises appropriate to the other terms of usage and condition of the premises etc. Financial support, if required, shall be by way of application through the standard grant regimes.

This does not preclude landlord/tenant arrangements for rent-free periods or assistance for repair/fit out etc as would otherwise be normal in the market in respect of such premises with a fully commercial letting.

This does not preclude lettings at less than best consideration, within the delegated powers of the Director of Resources, in the following cases as long as they do not exclude an applicant prepared to pay a proper rent:

- Temporary short-term lettings for specific purposes which support Council objectives or benefit the Council by relieving payment of rates on vacant premises
- Temporary short-term lettings of retail space that would otherwise remain vacant, for display, promotion or public consultation purposes, to create a vibrant street scene or be purposeful for the benefit of the community.