

Voluntary and Community Sector Lettings Policy

Introduction

The Council's VCS tenants are custodians of Council assets for the benefit of the residents of the Borough. As part of the Council's VCS Strategy the Council wants the impact of all assets under VCS management to be maximised; improving wellbeing, engagement and community cohesion.

Central to this policy is the delivery of a range of affordable property across the borough made available to the Voluntary Community Sector. In most cases the property will be managed by a lead VCS tenant with responsibility for sharing premises with smaller and new VCS groups, encouraging creative use of underutilised accommodation and maximising activity and operating hours of these subsidised community spaces. The review of the social impact gained from these properties will be underpinned by a new Social Value Process.

Alongside this drive to maximise the social impact from these properties the policy is designed to address the ongoing need for the operation of Health and Safety compliant premises which are well managed and maintained.

To achieve these goals, the policy sets out the responsibilities for tenant (VCS organisations) and landlord (the Council) under the 'Community Lease' terms and conditions. It includes, amongst other things, consistent arrangements for lease length, rent charges, rent payments, repairs and maintenance, insurance and service charges. All properties moving to these new Community Lease terms will be refurbished by the Council. The cost of refurbishment will not be recharged to the tenants.

Purpose and Benefits of the Policy

- To ensure that buildings used by VCS organisations are fully utilised addressing the borough's priorities, and meeting the needs of local people.
- To ensure the subsidised buildings are fit for purpose and in good repair.
- To put in place a relationship between the Council and VCS organisations which is fair, consistent, reasonable and demonstrates clearly the level of support given by the Council to VCS organisations.
- To ensure that Council subsidised buildings are used effectively, and ensure they are open to a wide range of groups thereby ensuring they provide good use of resources.
- A programme of works to bring the premises back into repair will be funded by the Council where the 'Community Lease' terms are taken up.

Who does the policy apply to?

The policy applies to voluntary and community sector organisations either occupying or seeking premises within the Council's VCS portfolio on the basis of the 'Community Lease' terms and conditions.

For the purposes of this policy, voluntary and community sector organisations are defined as: Registered charities, Charitable Incorporated Organisations as well as other not-for-profit organisations, associations, self-help groups and community groups.

VCS organisations that currently hold tenancies which are protected by Part 2 of the Landlord and Tenant Act 1954, will be asked to surrender them, and take out a new lease, if they wish to take advantage of the terms set out in this VCS policy.

VCS organisations who are unwilling to do so should be able to remain in their premises, but will be regarded as commercial tenants, liable to pay market rents (in the context of this policy 'market rent' means the rent appropriate for the property in its natural alternative use i.e. shop, office, educational establishment etc) and be responsible for the repairing liabilities set out in their leases.

MAIN HEADS OF TERMS	PROPOSALS FOR ALL NEW COMMUNITY LEASES GRANTED
Eligibility Criteria for applications for a 'Community Lease'	Selection criteria will be used to make decisions on how to allocate Community Leases to the voluntary and community sector. To apply for a Community Lease, VCS organisations will need to do the following:- <ul style="list-style-type: none">- Present a business case for why the building or land is needed- Submit their annual business or development plan (including the most recent set of accounts) demonstrating: financial viability; risk analysis and management; sound governance and management arrangements and a good track record of managing projects and/or services and sharing space.- Demonstrate how well their services meet the selection criteria including;<ul style="list-style-type: none">• how well their services meet the aims of the Borough Plan;• how their services benefit service users who live, work, study or are connected to the borough.• how their services involve users who broadly represent the diversity of people living in the borough;• how their services reach and support the diverse needs of residents who find it difficult to access services.• how well their services are delivered in partnerships with other organisations.

	<p>The property will be assessed and scored in accordance with the criteria agreed by the VCS Panel (detailed in Appendix 5). See application and allocation process on Appendix 4.</p> <p>VCS organisations will be encouraged to develop links with other organisations in the furtherance of the above goals and in the spirit of improving services.</p>
Type of Agreement	Community Lease
Application and allocations process	<p>When premises become available the Council will Call for a Proposal for the premises, setting out clearly the selection criteria, as agreed by the panel, and information to be submitted in the application process. Officers from the Council's Agents, Valuation and Strategic Assets team, Strategy and Partnerships team, and relevant service area will assess the applications against the selection criteria, shortlist the applicants, interview and offer the premises.</p> <p>It will not be possible for the Council to allocate property on Community Lease terms to all VCS applicants meeting the selection criteria. Officers will provide feedback to unsuccessful applicants who have not been able to secure a property following selection. Information on which VCS organisations are granted a Community Lease will be publicly available on the Council's website.</p>
Relocation	<p>In order to develop a VCS estate that is fully utilised and in good repair and order, it may be necessary from time to time to relocate some VCS organisations to other premises. VCS organisations will be asked to work constructively with the Council to ensure plans for relocation are undertaken effectively and to mutual benefit.</p> <p>Relocations of this nature may well require the VCS organisation concerned to operate in multiple occupation with other organisations at their new venue.</p>
Social Value Process	<p>Each organisation will provide an annual impact report through a self-assessment process. This will include information on the building and the services provided, condition of the building, repairs, maintenance and compliance schedules, organisational changes, and any other relevant information.</p> <p>Once agreed this information will be made publicly available.</p>

Renewal The Council will contact organisations at least three months before their lease is due to expire. Organisations seeking to renew their lease will be re-assessed against the eligibility criteria. Decisions on renewal will also be informed by the information arising from the annual reviews referred to above.

Lease Length Leases will be granted for a period of up to 10 years, and will be granted outside of the 1954 Landlord & Tenant Act. Development break clauses will be incorporated at sites where the Council needs to retain the option to develop the premises during the lease term.

Applications for grant funding to invest in these properties is not envisaged. Where organisations are considering applications to external grant funders for capital works, these aspirations and plans need to be developed in partnership with the Council.

Some organisations may choose not to take a community lease. In this case they could be offered a full repairing and insuring lease at market rent.

Rent Level All VCS organisations granted a community lease will be eligible for the Council's fixed VCS rental level in accordance with the following rent matrix.

Baseline VCS Rent		Quantum Reduction ➤ 1000sq ft
	£5.75 psf	£4.31 psf
Location Reduction for poorer public transport access	£4.89 psf	£3.45 psf

The VCS rental level is not linked to market rent for an individual property. No account is taken of higher property values in the North of the borough or lower in the South. There will be no rent reviews during the period of the first year, to allow implementation. The rents charged under this policy will be reviewed in year five, 2025/26, and then four yearly thereafter.

The Rental Subsidy on the portfolio will be published on the Council's website. At this time the subsidy is estimated at £850,000 per annum (pre Covid valuations).

	<p>Collection of tenant rent is vital to ensure the success of this policy and to reinvest in the quality of the properties.</p> <p>Failure to pay rent will jeopardise the right to occupy the building. The Council has a strict collection policy and provision for rent collections within this portfolio will include:</p> <ol style="list-style-type: none"> 1. Rent being paid monthly by direct debit 2. Within 10 days of the direct debit failing a meeting will be held with the organisation, the Council's agents Sanderson Weatherall and the Community Assets Officer to ascertain the exact problem. 3. Reasonable payment arrangements will be considered where there is a clear evidenced short-term problem. 4. No possession proceedings will commence unless all other avenues to resolve rent arrears have been explored. 5. Monthly meetings will take place to review rent collection of VCS tenants. Participants will be the Council's agent, the Community Assets officer and VCS Strategy and Comms officer. 6. The Panel will consider disputes and review any case prior to undertaking legal action 7. Possession proceedings will take place to ensure a fair opportunity for VCS tenants waiting for premises.
<p>Repairs and Maintenance</p>	<p><u>In relation to 10 year leases:</u> <u>The Landlord (the Council)</u></p> <p>Will bear the cost and responsibilities for repairs to the exterior, roof and structure of the building, with exception of the windows and doors to render the property suitable as a basic shell of accommodation to operate from.</p> <p><u>The Tenant (VCS organisation)</u></p> <p>Will bear the cost and responsibilities for all fitting out, ICT infrastructure internal , decoration and internal repairs etc required in order to carry out their service. Organisations are expected to act as good tenants by looking after the building in line with the tenant obligations that will form part of the lease granted. This will include statutory inspections and testing.</p>

	<p>A Tenant Pack will be issued at the start of the lease outlining the tenant's responsibilities.</p> <p>Due consideration to other users and neighbours must be shown at all times and tenants will be expected to notify the Council at the earliest possible stage if there are any problems with the building or the VCS organisation's ability to fulfil its obligations as set out in the lease.</p> <p><u>The Repair Works</u> The Council will publish the programme for undertaking the initial programme of major repairs, so all organisations on the Community Lease terms will be clear about when the works will be undertaken to the buildings they occupy. Health and Safety criteria will be the principal factor in determining the programme sequence.</p> <p>Some repairs works will only be possible if the tenant is relocated for the duration of the works. In such cases, the tenant will work constructively with the Council to agree arrangements for temporary decanting as required.</p>
Health and Safety	<p>Overall responsibility for Health and Safety in the management and operation of premises occupied by VCS organisations will rest with the organisations themselves, as only they know the details of the way in which their premises are operated on a day to day basis. As premises managers, they will have a duty of care both to their staff and volunteers as well as members of the public who visit or rent part of the buildings on a regular or occasional basis.</p> <p>In this regard, the organisation will be required to prepare and publish a Health and Safety Policy setting out the arrangements for the management and operation of the building, and have proper regard to the way the building is used. For instance, arrangements for office environments will be different from areas used for children, and different again from space used by artists where inflammable fluids may be present.</p> <p>In all cases the policy will need to have proper regard to statutory requirements for tests and inspections, and other statutory responsibilities, including the testing of portable appliances and the COSHH regulations.</p>

	All VCS organisations are required to publish and display a copy of their Health and Safety Policy, as approved by their management committees.
Insurance	<p><u>The Council</u> will be responsible for insuring the fabric of the building and will recharge the premium to the Tenant.</p> <p><u>The Tenant</u> will be responsible for all other insurances such as public liability, employer's liability, contents and any other appropriate insurances.</p>
Business Rates	It will be the VCS organisations responsibility to apply for business rates relief, where appropriate.
Multi-occupancy Buildings and Sub-Letting	<p>Leases will not be assignable or capable of being sub-let. However, each VCS tenant will be encouraged to share their space with other VCS groups by way of a licence, providing the permission of the Landlord is obtained and that the group is able to demonstrate outcomes that will benefit the wider community. The financial arrangement can be determined between the groups.</p> <p>If the VCS groups are in a building that is too big for them, then they should approach the Council in the first instance about changing the extent of the area they occupy or offering accommodation to other VCS organisations on the waiting list; the Council keeps a waiting list of VCS groups looking for space and will always welcome the opportunity to encourage co-sharing.</p>
Service Charges	Where leases are for part only of premises which are maintained and managed by the Council the tenant will be required to contribute a fair proportion of all expenses, including VAT where charged, of cleaning, lighting, repairing, heating and maintaining any part of the building, estate or other larger property of which the premises form part, and any other works deemed necessary by the Landlord.