



Democratic Services

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**To: COUNCILLOR RAY PUDDIFOOT MBE
LEADER OF THE COUNCIL**

**COUNCILLOR JONATHAN BIANCO
CABINET MEMBER FOR FINANCE, PROPERTY &
BUSINESS SERVICES**

c.c. All Councillors
c.c. Members of Executive Scrutiny Committee
c.c. Chairmen, Policy Overview Committees
c.c. Corporate Management Team
c.c. Michael Patterson / Michele Wilcox
c.c. Conservative and Labour Group Offices
(inspection copy)

Date: 15 April 2020

EXECUTIVE DECISION REQUEST (in lieu of Cabinet on 23 April 2020)

Voluntary Sector Leasing - Policy (Public report)

Dear Cabinet Members

Attached is a business as usual report with recommendations requesting that a decision be made by you on these in due course.

This report had not been previously scheduled for any Cabinet meeting or notified on the Forward Plan as it was impracticable to give sufficient notice. The Chairman of the Executive Scrutiny Committee has been notified in writing about this. Whilst this decision would ordinarily be considered by a Cabinet meeting, under the Leader's constitutional authority, this decision can be taken by you jointly in the absence of that Cabinet meeting.

You may taken your decision electronically **on (or after) Thursday 23 April 2020**. Democratic Services will be in contact by email on this date to request your decision.

Upon your decision, a decision notice will be published and Executive Scrutiny Committee Members will then be notified for their scrutiny electronically before any decision can take effect.

Mark Braddock
Democratic Services

Title Of Report: Voluntary Sector Leasing Policy - New Single Policy

Decision made:

Reasons for your decision : (e.g. as stated in report)

Alternatives considered and rejected : (e.g. as stated in report)

Signed(Note: to be authorised by email).....Date.....

Leader of the Council / Cabinet Member for Finance, Property & Business Services

VOLUNTARY SECTOR LEASING - POLICY

Cabinet Member(s)	Councillor Ray Puddifoot MBE Councillor Jonathan Bianco
Cabinet Portfolio(s)	Leader of the Council Finance, Property and Business Services
Officer Contact(s)	Michele Wilcox; Residents Services
Papers with report	Appendix A – VSLP Policy

HEADLINES

Summary	This report seeks the Leader of the Council and Cabinet Member's approval to an updated single Voluntary Sector Leasing Policy for qualifying community groups occupying Council property within the Borough.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Financial Management.</i>
Financial Cost	None
Relevant Policy Overview Committee	Corporate Services, Commerce & Communities
Ward(s) affected	All

RECOMMENDATION

That, on behalf of the Cabinet, the Leader of the Council and Cabinet Member approve the Voluntary Sector Leasing Policy in Appendix A.

Reasons for recommendation

Approving the updated single policy in this report will bring together the Voluntary Sector Leasing Policy (VSLP) agreed in July 2004 and the subsequent amendment by Cabinet in July 2011 together with an update to the rent requirements where there is a subletting.

Alternative options considered

Cabinet Members could choose not to agree a single VSLP policy. However, taking this action would mean that the organisations in question would not have clarity, in particular around the rent requirements where there is a subletting.

Policy Overview Committee comments

None at this stage.

SUPPORTING INFORMATION

The Council does not have a single document summarising the Voluntary Sector Leasing Policy which has been updated over the years..

This is because the present system of dealing with voluntary leases has evolved over time and been amended at various stages since 1997, in July 2004 and the subsequent amendment by Cabinet in July 2011.

In July 2004, Cabinet agreed a new policy for the grant of leases to voluntary sector organisations replacing the previous policy dating from 1997. These changes were summarised as follows:

1. The use of base rents was abandoned. Market rents were to be set for all lettings and reviewed at intervals of no more than 5 years.
2. Registered Charities, youth groups, arts organisations, horticultural organisations and approved community organisations, were to receive 80% discount. The grant of any further subsidy was to be at the discretion of the then Cabinet Member for Finance and Corporate Services.
3. The standard term of lease (formerly 25 years) was abandoned and in general, new leases were not to be granted for more than 10 years. When existing leases were renewed, a new term not exceeding 15 years was replaced as the standard.
4. Voluntary Sector Organisations receiving subsidy were to be required to provide a report of their activities and accounts to the Council on an annual basis as required.

The policy was subsequently amended by Cabinet in July 2011, whereby the grant of new leases should not exceed more than 10 years, and to grant these outside the security of tenure provisions of Part 2 (Sections 24-28) of the Landlord and Tenant Act 1954. Where existing leases (protected by the Landlord and Tenant Act) are renewed, a new term will not be granted exceeding 15 years, or for a longer term, to be at the total discretion of the Council.

Therefore, the single policy at Appendix A incorporates the policies agreed in 2004 and 2011.

In addition, the policy also includes a new requirement relating to subletting arrangements by the voluntary sector organisation. In such cases, the voluntary sector organisation seeking a rent subsidy under the voluntary sector leasing policy will have to pay as additional rent a minimum of 25% of the rent or gross licence fee it receives from an agreed subletting arrangement. It should be noted that this requirement does not apply to occasional informal hiring arrangements by the voluntary sector organisation.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon residents, service users and communities?

A clearer, updated Voluntary Sector Leasing Policy for voluntary organisations.

Consultation Carried Out or Required

The consultation has been limited to the usual corporate consultations required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed this report and concurs with the financial implications set out above; noting that the additional clause for a share in subletting arrangements will bring in additional revenue to the general fund.

Legal

The Borough Solicitor confirms that there are no legal impediments to the Council agreeing the recommendations set out in the report.

Corporate Property and Construction

Corporate Property and Construction has authored this report.

BACKGROUND PAPERS

NIL

APPENDIX A

VOLUNTARY SECTOR LEASING POLICY

1. Policy and Procedure

Hillingdon Council places a high value on supporting local voluntary organisations to flourish and one way it seeks to do this is through granting leases with discounted rents, significantly below market value.

This Policy will apply to applications received from voluntary sector organisations that occupy or wish to occupy council-owned properties at a subsidised rent. It will also apply to existing organisations who may decide to sub-let during their lease term.

2. Rent subsidy

Market rents are to be assessed for all lettings and are to be reviewed at 5 yearly intervals.

The market rent assessed for the property will apply unless an application from the voluntary sector organisation is approved.

Registered charities, youth groups, arts organisations, horticultural organisations, sports clubs and approved community organisations will be able to receive a **standard 80%** rent discount from the market rent.

The grant of any alternate or further rental subsidy will be at the discretion of the Cabinet upon the recommendation of the Leader of the Council and the Cabinet Member for Finance, Property and Business Services.

3. Additional rent for sub-lettings/sharing of occupation.

Where there is an authorised subletting arrangement, the Council will receive as **additional rent** a minimum of 25% of the annual rent or gross licence fee received from the subletting or alternatively a higher percentage at the Council's total discretion—subject to sign-off by the Leader of the Council and Cabinet Member for Finance, Property and Business Services. No rental subsidy will apply to the additional rent.

The Council's permission to sub-let under the terms of the existing lease where required will be approved by the Head of Property and Estates subject to sign-off by the Leader of the Council and Cabinet Member for Finance, Property and Business Services.

4. Lease term

New leases will not be granted for more than 10 years (contracted out of the Landlord and Tenant Act 1954). When existing leases are renewed, the lease will be renewed for a new term not exceeding 15 years.

The grant of any alternate or longer lease term will be at the discretion of the Cabinet upon the recommendation of the Leader of the Council and Cabinet Member for Finance, Property and Business Services.

5. Annual accounts

Voluntary sector organisations receiving the subsidy will be required to provide a report of their activities and accounts to the Council on an annual basis when required.

6. Policy approval

Any subsequent amendment to this Policy will be approved by the Cabinet of the London Borough of Hillingdon or the Leader of the Council under delegated authority.