

Rent Review Methodology

1. Where leases are currently being held over, or due for renewal, an exercise will be carried out, based on the criteria set out in the asset management strategy, to ascertain whether the Council wishes to continue with the existing arrangements. If not, then a report will be brought to Committee with recommendations as to alternative use or disposal, as the case may be.
2. If the proposal is that the premises should continue to be let to the current tenant, then a decision needs to be made as to the level of rent to be charged. The presumption is that the face of the lease will reflect the market value based on the current use permitted by the lease but the organisation will be given the opportunity to apply for a rent subsidy grant.
3. It will be important that there is a clear process for considering such applications and it is proposed that this Committee establish a Sub-Committee to consider those applications.
4. The considerations to be taken into account by the Sub-Committee are set out below:

a. Core Purpose of the Organisation

Does the core purpose of the organisation align with one or more of the Council's key priorities?

b. Membership/Participation/Community use

How accessible is the service in term of opening hours and physical access?

Are membership fees affordable?

Are concessionary rates offered?

How well is the service used by the community?

Are diverse groups encouraged?

Are customers/users mainly from within the District?

Are facilities available to those other than members/regular users?

Does the organisation encourage involvement for all of the community?

Is training/skill development available for non-members?

c. Funding/Financing

How sound is the organisation's finances? (this will require reference to its accounts)

Has the organisation applied for funding elsewhere?

What scope is there for the organisation to increase charges for its services?

What scope is there for the organisation to carry out commercial activity on the premises?

d. What would the consequences be of not providing assistance?

What would be the consequence of not providing subsidy (in part or in whole)?

Would this cause hardship?

Would it mean the service has to stop or change?

5. In normal circumstances, any rent subsidy grant awarded should be tapered in order to encourage organisations to become more self-sufficient, with rent review periods generally set between 6-9 years.
6. Where rent subsidy grant is refused, there should be the possibility of awarding transitional relief in order to provide a buffer for the organisation.
7. The flow chart on the following page sets out the process to be followed.

Process for determining rent subsidies

