

# Rental Grant Subsidy Applications

## Strategy & Resources Committee Thursday, 29<sup>th</sup> September 2022

Report of: Executive Head of Communities

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Purpose: For decision

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Publication status: Open

Wards affected: Lingfield and Crowhurst, Whyteleafe

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### Executive summary:

- The Council has an obligation under S123 of the 1972 Local Government Act to obtain best consideration when letting or selling its land or buildings.
  - Several of the Council's assets are currently let at less than market value reflecting the wider value that their use brings to the community.
  - A Rental Grant Subsidy policy was adopted by the Council in 2015. This policy aimed to provide greater transparency regarding the extent to which the Council subsidises tenant organisations.
  - This report considers Rental Grant Subsidy applications from three tenant organisations, Caterham and Whyteleafe Tennis Club, Lingfield Nature Reserves Association and the Lingfield Sports Association.
  - The Committee should consider the applications and determine whether a rental grant subsidy will be awarded, and if so, the amount of rental grant subsidy.
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### This report supports the Council's priorities of:

Building a better Council

Creating the homes, infrastructure and environment we need

Supporting economic recovery in Tandridge

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## **Recommendations to Committee:**

That:

- A. a rental grant subsidy of 100% be awarded to Lingfield Nature Reserves Association, subject to the conditions set out in this report;
  - B. a rental grant subsidy of 100% be awarded to Lingfield Sports Association, subject to the conditions set out in this report; and
  - C. a rental grant subsidy of 100% be awarded to Caterham and Whyteleafe Tennis Club, subject to the conditions set out in this report.
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## **Reason for recommendations:**

The Council's Strategic Plan acknowledges the importance of local voluntary and community organisations in supporting strong and healthy local communities. It also acknowledges the need to tackle significant financial challenges. The scale of the financial challenge is significant, and it is therefore crucial that applications for subsidies are considered very carefully, so that subsidies are given to those community organisations that bring greatest value to communities, and that assets are revenue raising where organisations do not demonstrate wider community value.

The policy guides the Council to consider whether an organisation can demonstrate that it brings significant benefits to a community, and whether or not these benefits could still be realised without the rent subsidy. Consideration must also be given to any other costs in connection with the asset, and whether these are being met by the Council as landlord, or the tenant.

As part of the Future Tandridge Programme ('FTP'), each service has undergone a robust service review to consider opportunities for service improvement, the potential for services to be delivered through a different delivery model and to identify savings needed to address the Council's significant budget gap in 2023/24. These rental grant subsidy applications are all linked to the granting of longer leases that transfer the council's current ongoing maintenance responsibilities for these assets to the community and charitable organisations. Therefore delivering revenue savings to Council budgets and shifting our relationships with these organisations.

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### **1. Introduction and background**

- 1.1 The Council has an obligation under S123 of the 1972 Local Government Act to obtain best consideration when letting or selling its land or buildings.
- 1.2 Several of the Council's assets are currently let at less than market value reflecting the wider value that their use brings to the community.

- 1.3 When considering the extent to which these applications align with the Council's Strategic Plan, it is evident that there may be conflicting priorities. Priority Outcome 1.5 of the Plan states:
- "the Council shall look for opportunities to support better health and wellbeing for local residents"*
- and specifically
- "Work with the Voluntary, Community and Faith Sectors (VCFS) to develop proposals to support community resilience in the face of a crisis, building on work during the COVID pandemic"*
- "Maximise wellbeing and opportunities for young people through development of a Youth Strategy in partnership with health and employment partners"*
- 1.4 However, Priority Outcome 1.1 is about agreeing and implementing the financial recovery plan, and states that we should
- "Explore commercial opportunities within the district"*
- 1.5 A Rental Grant Subsidy policy was adopted by the Council in 2015. This policy aimed to provide greater transparency regarding the extent to which the Council subsidises tenant organisations. The policy was intended for use at lease expiry and rent review dates.
- 1.6 The most recent applications considered by the Council were with respect to the applications for rental grant subsidy by the East Surrey Museum, Caterham Community Association and Warlingham, Sports Association on 11<sup>th</sup> January 2022. All three applicant organisations were awarded a rental grant subsidy, subject to conditions.
- 1.7 This report provides information on three further applications for rental grant subsidy, following the expiry of lease for Caterham and Whyteleafe Tennis Club. In the case of both Lingfield Nature Reserve and Lingfield Sports Association, the tenants have agreed to surrender their current leases in order to enter into longer leases, so that external funding for improvements can be sought. Officers devised a scoring matrix to assess the applications. The scoring matrix is provided in Appendix B.
- 1.8 Income and expenditure associated with the Lingfield Nature Reserve, Caterham and Whyteleafe Tennis Club and Lingfield Sports Association is part of the General Fund, specifically the Community Services budget. The impact on these budgets will be marginally positive if the recommendations are approved.

## **2. Caterham and Whyteleafe Tennis Club**

- 2.1 The Caterham and Whyteleafe Lawn Tennis and Croquet Club had been located on a site at Stafford Road since 1891. The Tennis Club has been in its current location, which was previously the walled kitchen garden of the former Manor House, within Manor Park since the late 1940s.
- 2.2 The most recent lease for the site ran for five years until 31st March 2022 and the club continues in occupation under a Tenancy at Will pending finalisation of a new lease. Under the terms of this lease, rent had been set at £1,760 per annum, although 100% rental grant subsidy had been granted by the Rent Subsidy Grants Sub-Committee on 15<sup>th</sup> February 2017. This decision was subject to the Club paying a maintenance contribution towards the cost of grass cutting, litter clearance, annual treatment of the courts to eradicate moss, and fencing/court re-surfacing as required. This was charged at £2,929.50 in 2021/22. The actual cost to the Council, considering the Lawn Tennis Association's recommended annual maintenance sinking fund contribution of £1,200 per court, was £4,820 per annum. The Club held full responsibility for the clubhouse including statutory compliance.
- 2.3 Until 2020, the Club had operated as a private members club with dwindling membership and there were concerns about financial viability. During this lease term the Club requested financial assistance from the Council on more than one occasion.
- 2.4 The Club has a new committee and has changed focus from a purely members club to a not-for-profit, volunteer-led and community-based model. The current membership has increased from less than 20 members in 2020 to 120 members in July 2022 including juniors. The majority of members are from Caterham, Whyteleafe, Chaldon and Warlingham. The Club successfully raised funds for cleaning and repainting the courts earlier this year.
- 2.5 The focus is now on inclusivity and wellbeing, with free local 'taster' sessions, have partnered with a local coaching company to provide coaching sessions for all ages including juniors and provides targeted sessions for players with differing needs and abilities. The Club also participates in the LTA Youth Start Programme and hosted the local trials for the Surrey Youth Games (in partnership with Freedom Leisure).
- 2.6 Further information on the Tennis Club, including policies and available activities is available from <https://clubspark.lta.org.uk/CaterhamWhyteleafeTennisClub>

- 2.7 Officers are in discussion with the new committee on granting a new 15-year lease. The Club will remain responsible for the existing small clubhouse and take on all maintenance responsibilities including court repairs and maintenance. The revenue costs to the Council of maintaining these courts would include £800 for annual cleaning and moss removal, line painting every 5-7 years at a cost of £1,000 and surface colouring every 5-7 years at £5,000. Full court resurfacing is normally required every 10 years. The cost to the Council of full resurfacing and reinstatement of three courts at Felbridge Recreation ground earlier this year, cost £39,740 +VAT. Therefore the granting of this 15-year lease will create substantial revenue savings. Caterham and Whyteleafe Tennis Club successfully fundraised to cover the cost of cleaning and painting the courts and through holding a longer lease interest have plans to apply for external funds to improve and maintain the club facilities. This includes building a new clubhouse and the installation of floodlighting. These improvements should enable the Club to continue to attract more members and sustain their income. Heads of Terms have been agreed and both parties are working towards completion by October this year.
- 2.8 Officers have assessed the market rent of the premises at a guide of £1,800 p.a. This assessment was supported by comparable evidence. The Club has requested a 100% rent subsidy. Officers have scored the rental grant subsidy application at 25 out of a possible total of 28 (see Appendix 1). The recommendation is as follows:
- 2.9 That the Club be granted a 100% rent subsidy in order that it may continue to operate, but subject to the following conditions:
1. That the Club enter into a 15-year lease in order to attract external funding.
  2. That the Club take full responsibility for repairs to the entire demise including for the clubhouse, all grass cutting, litter clearance internal fencing and court maintenance.
  3. That the Club seek external grant funding and fundraise to continue to maintain the site, replace the court surface when necessary, and improve or replace the current clubhouse building.
- 2.10 The impact of this recommendation on the Council's revenue budget would be positive, since the Council would no longer be contractually liable for the court maintenance and repair costs described above. The impact on these facilities would be positive provided the Club continues to be run by enthusiastic volunteers and the Club are successful in securing external funding.

### **3. Lingfield Nature Reserves Association**

- 3.1 The current lease from the Council for Bloomers and Jenners Fields expires in August 2027.
- 3.2 The Reserves provide a vital local amenity and resource that is supported across the community. Features include a butterfly garden, community orchard, two ponds with associated wetlands, two planted woodlands, and a variety of habitats across a total of 25 acres.  
The Reserves Association has applied for £90,000 in Your Fund Surrey funding to improve accessibility by resurfacing the network of hard paths. In order to qualify for this grant, the Reserves Association must be able to demonstrate that they have a long leasehold interest in this land. Therefore, the Council is currently negotiating a new 25-year lease. The grant of this lease would enable this funding application to proceed and enable funding to be sought from other external sources.
- 3.3 As the Council is considering the grant of a 25-year lease, officers have removed the Council's annual grass cutting costs (currently £700 p.a.). Heads of Terms have been agreed, with a draft lease issued in August. Both parties are working towards completion by October this year. It is considered that the Reserves Association should be able to fund this maintenance item from other sources and therefore a saving would be made from revenue budgets.
- 3.4 Officers have assessed the market rent of the premises at a guide of £1,510 per annum. This assessment was supported by comparable evidence drawn from data compiled by the Department of Environment, Food and Rural Affairs on agricultural land rents. The Lingfield Nature Reserves Association has requested a 100% rent subsidy. Officers have scored the rental grant subsidy application at 25 out of a possible total of 28 (see Appendix 4). The recommendation is as follows:

That the Lingfield Nature Reserves Association be awarded a 100% rental grant subsidy on the following conditions:

1. That the Association enters into a 25-year lease in order to attract external funding.
  2. That the Association is fully responsible for all repair and maintenance within the demise.
  3. That the Association seeks external grant funding from non TDC sources and undertakes fundraising to achieve ongoing maintenance and improvements (e.g. footpath renewals)
- 3.5 This recommendation would reduce the ongoing maintenance contribution (currently £700 p.a.) therefore having a positive on the Council's revenue budgets.

## **4. Lingfield Sports Association**

- 4.1 The Lingfield Sports Association consists of three current constituent clubs (Acorns AFC, Lingfield Cricket Club and Lingfield FC). Combined membership from these clubs is approximately 800. The Club has plans to change its organisational structure to allow better management of facilities and open new opportunities and partnerships. This would mean that the Association would become a Limited Liability Company, hiring spaces and services to member clubs, and increasing community use and participation.
- 4.2 Facilities are popular and well used by the current member clubs, although poor pitch drainage reduces pitch availability during the winter months, which has a detrimental effect on income. The current pavilion is of poor quality and has reached the end of its useful life.
- 4.3 The Association plans to rebuild the current pavilion to provide modern and accessible facilities that would meet the current needs of the member clubs and also enable these facilities to be opened to a far wider range of community and sports uses. The Association has also commissioned a pitch survey and obtained recommendations for improving pitch drainage. The drainage improvements are likely to cost approximately £200,000.
- 4.4 The Association is seeking external funds in the region of £700,000 in order to fund these improvements. Applications are being made to a number of potential funding bodies including Your Fund Surrey, Community Infrastructure Levy and national sports bodies.
- 4.5 In order to qualify for these external funds, the Association needs security of tenure and has requested a 25-year lease. The current lease will expire on 31<sup>st</sup> March 2025. Heads of Terms for a new 25-year lease and a simultaneous surrender of the existing lease have been agreed. The Council currently has full grounds maintenance responsibilities and is also responsible for some of the repairs and maintenance of the current pavilion building, which includes paying for statutory compliance, such as legionella testing, fire risk assessments, electrical testing and asbestos management. This costs the council an estimated £6,000 per year. The current maintenance contribution charged by the Council is £3,281.50.
- 4.6 Under the terms of the new lease, the Association has agreed to take full responsibility for all buildings and grounds within the demise. The Council will have the ability to break the new lease if the Association is not successful in securing funding to improve the premises.
- 4.7 The application for 100% rental grant subsidy is considered by the association to be essential to assist their cashflow and support their improvement plans, which are essential to continuing and expanding the sports activities at Lingfield Sports Ground.

4.8 Officers have assessed the market rent of the premises at a guide of £18,000 p.a. This assessment was supported by comparable evidence of similar local authority-owned facilities. The Club has requested a 100% rent subsidy. Officers have scored the rental grant subsidy application at 23 out of a possible total of 28 (see Appendix 8). The recommendation is as follows:

That the Lingfield Sports Association be awarded a 100% rental grant subsidy on the condition that:

1. That the Association enters into a 25-year lease in order to attract external funding.
2. That the Association is fully responsible for all repair and maintenance for buildings and the grounds within the demise.
3. That the Association seeks external grant funding from non TDC sources and undertakes fundraising to achieve ongoing maintenance and improvements.

4.9 This recommendation would remove the Council's maintenance liabilities for both the grounds and building, therefore having a positive effect on revenue budgets.

## 5. Summary

5.1 The table below provides a summary of recommendations. The impact on the Council's revenue budgets will be marginally positive.

Organisation	Annual Rent per Existing or Expired Lease	Annual Maintenance Contribution per Existing/ Expired Lease (2021/22)	Guide Market Rent	Subsidy Requested	Recommendation
Caterham & Whyteleafe Tennis Club	£1,760 (100% subsidy)	£2,929.50	£1,800	100%	100%
Lingfield Nature Reserves Association	Peppercorn	£0	£1,510	100%	100%
Lingfield Sports Association	£1	£3,281.50	£18,000	100%	100%



## **Key implications**

### **Comments of the Chief Finance Officer**

The immediate financial implication of this report is a marginal increase in income to the General Fund. There are no capital implications. The leases are intended to mitigate the Council's costs and liabilities. As part of the Future Tandridge Programme, a wider piece of work to review our overall asset portfolio to ensure it provides best value for money is under way and will be subject to member consideration.

### **Comments of the Head of Legal Services**

The report tries to balance the concept of best value under S123 of the Local Government Act recognising with the need and basis to provide rent subsidy via a definitive application process. The process modelling is designed to obviate accusations of unfair subsidies being provided from public funds and ensure a transparent auditable system of rent to be charged. It also avoids potential challenges regarding fairness and equality of the assessment process and subsequent outcomes.

If Members chose to charge rents at market value or reduce any rent subsidy there will be implications for the organisations involved. In terms of the level of support they can provide and might result in the organisations casing to operate with the Council incurring additional cost from taking back the assets or from residents no longer receiving support.

### **Equality**

Community organisations play a key role in supporting equality of opportunity and supporting all protected characteristics. The applications for rental grant subsidy should be considered in this context.

All of the organisations that have requested the rental grant subsidies have a strong commitment to promoting widespread involvement in sport and recreational activities within the community. They recognise the value of such activities in improving general health and wellbeing. All are committed to providing such opportunities to all sections of the community.

### **Climate change**

All organisations are promoting outdoor recreational activities.

In the case of Lingfield Nature Reserves Association, the organisation is actively enhancing and maintaining biodiversity through managed sustainable habitats for a number of plant and animal species.

## **Appendices**

Appendix 1 Rental Grant Subsidy Scoring Matrix – Caterham and Whyteleafe Tennis Club

Appendix 2 Application for Rental Grant Subsidy - Caterham and Whyteleafe Tennis Club

Appendix 3 Caterham and Whyteleafe Tennis Club Business Plan 2022

Appendix 4 Rental Grant Subsidy Scoring Matrix – Lingfield Nature Reserves

Appendix 5 Application for Rental Grant Subsidy - Lingfield Nature Reserves

Appendix 6 Lingfield Nature Reserves Lease Extension Business Case

Appendix 7 Lingfield Nature Reserves Accounts 2022

Appendix 8 Rental Grant Subsidy Scoring Matrix - Lingfield Sports Association

Appendix 9 Application for Rental Grant Subsidy - Lingfield Sports Association

Appendix 10 Lingfield Sports Association Accounts 2022

Appendix 11 Lingfield Sports Association - 'Building for Lingfield's Sporting Future'

## **Background papers**

None

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