DISTRICT OF HARBOROUGH

Corporate Property Strategy

Voluntary & Community Sector Accommodation Policy



Reviewed by

Clive Mason, Director of Resources (& S.151 Officer)
Caroline Averill, Head of Property Services
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1. Introduction

1.1 To demonstrate consistency and transparency in the relationship between the council and a voluntary and community sector organisation (VCS) where the council is providing accommodation/premises to a VCS organisation.

2. Definitions

2.1 Voluntary and community sector organisation - A voluntary and community sector organisation is a charitable body or voluntary organisation including not for profit companies.

2.2 Indicative rent without concession (or market rent for purpose of this policy) – an estimate of likely rent achievable assuming a demand for the premises from a commercial operator.

3. Purpose and Scope of Policy

3.1 This policy should be read in conjunction with the council's disposal acquisition policy & procedure and the community asset transfer policy.

3.2 It covers all council owned premises (land and/or buildings) let to VCS organisations whether or not on concessionary terms. It may also apply to vacant buildings that the council has earmarked for disposal but for which there is currently no market interest.

3.3 Any disposal at an undervalue will be assessed in accordance with the General Disposal Consent (England) 2003

4. Lettings (general principles)

4.1 The general principle for all lettings is that a tenancy/lease of premises will be on commercial terms based on current market value.

4.2 Where a VCS organisation is unable to support occupying at the full market rent the council will consider granting a concession where it is considered that the VCS organisation would provide quantifiable benefits to the community and support the council in delivering its corporate priorities.

4.3 Where appropriate, the council will grant new leases outside the security of tenure provisions of the Landlord and Tenant Act 1954.

4.4 This policy will also apply to all organisations that have existing leases with the council, at both rent review and renewal. Any lease being renewed will be subject to review, regardless of historical agreements.

4.5 All properties will be advertised in accordance with the acquisitions and disposals policy.

5. Concessions

Principles

5.1 A concession, for up to 5 years, will be granted if there is a demonstrable benefit to the community and/or council by the VCS organisation and a funding gap can also be demonstrated by the organisation.

5.2 A concession may be refused or limited if it is considered that the financial cost to the council or the local community outweighs the benefits generated through the concession.

5.3 A concession will be considered if there is no current demand for the asset and the council would prefer the asset to be occupied rather than remain empty.

5.4 Concessions to Parish/Town Councils, the Leicestershire County Council or other public sector agencies will not be considered.

Concession Application Process

5.5 The Council will adopt an open book approach to establish ability to pay for all VCS organisations seeking a concession on rent. Therefore, copies of the last 3 years of audited/certified accounts would be requested, or where not available, financial statements from an appropriate representative. For a new organisation 12 months projected cash flow forecast are required, and an assessment of the business plan made to ensure the organisation is viable and sustainable.

5.6 In order for any concession to be considered it will be necessary for the body concerned to submit a business plan along with financial details as per above.

5.7 An appraisal will then be carried out by the council of the financial and nonfinancial benefits accruing to the council and community to determine the level of concession, if any. This will include any impact on equality and diversity issues. This appraisal will be undertaken by the corporate property officer, equalities & diversity officer and head of service relevant to the VCS in any recommendation for approval by the corporate director.

Value of Concessions

5.8 The market rent/indicative rent without concession shall be assessed so that the value of the concession will be explicit.

5.9 Where a concession is granted on a lease longer than a year, it will be reviewed annually on the anniversary date of that lease. This will not be a review of the rent level for that property which will be specified separately within the lease. For shorter term leases, the concession level granted will be reviewed as the leases come up for renewal.

5.10 Where the lease is to a new organisation a review of their business plan and projected cash flow forecast will be carried out after the first 12 months.

5.11 The level of concession will be tiered based upon the benefits of that VCS organisation to the council and the community; and their ability to pay. The maximum concession level to be granted will be 80% of the current market rent value of the property. By setting the maximum concession at 80%, it will enable the council to continue to support the organisations through a transitional period to develop their business plan and reach a position where they are more self sustaining. This will, also, enable the organisations to identify and secure alternative funding and enable the council to slowly reduce the subsidy on an annual basis over a maximum five year period.

5.12 For existing tenants, should the level of concession granted result in increased rent payments, the council will work with the organisation to mitigate negative impacts through provision of non financial support.

6. Existing Agreements – Transitional Arrangements

6.1 A number of leases and licences are already in place with VCS organisations.

6.2 Due to the nature of the existing agreements, some are not reviewable for several years.

The Council will review all agreements at the earliest opportunity.

However, the concessions arrangements will only last for a maximum period of 5 years as outlined in the VCS Policy and 5.11 above. As such, the following transitional arrangements will apply;

Existing Agreement Reviewable	Maximum Concession Available
Immediately	5 years Concession
Between 0 and 1 year	Between 4 and 5 years Concession on a proportionate basis
Between 1 and 2 years	Between 3 and 4 years Concession on a proportionate basis
Between 2 and 3 years	Between 2 and 3 years Concession on a proportionate basis
Between 3 and 4 years	Between 1 and 2 years Concession on a proportionate basis
Between 4 and 5 years	Between 0 and 1 year Concession on a proportionate basis
Over 5 years	No Concession

6.3 Following adoption of the Policy, the Council will contact all VCS organisations where the organisation currently receives some form of concession by way of reduced rent/rent free, service charge cap and/or where the Council is responsible for repair or other such concession which results in reduced occupational costs outlining their specific circumstances, and any transitional arrangements.

6.4 Any concession will be assessed as outlined in 5.2 above. The concession process will be completed before any new rents or fees are implemented.

7. Repair & Maintenance

7.1 It will normally be a condition of lettings of 7 years and over that the tenant takes full responsibility for repairs and decorations to the premises throughout the term of occupation.

7.2 In some circumstances, for example lettings of less than 7 years, it may not be appropriate for the tenant to be responsible for major structural repairs. Although, a compensatory allowance will be made in the rent to reflect this.

7.3 However, in the case of a surplus and vacant building in need of repair, the Council may grant a concession in exchange for the VCS taking responsibility for all repairs and maintenance.

8. Service Charges

8.1 Where a VCS organisation is leasing part of a property, they will be responsible for paying their fair share of the normal running costs of the premises based on the proportion of the floor area occupied.

8.2 Where a VCS organisation is leasing a whole property, they will be responsible for paying for the entirety of the running costs of the accommodation.

9. Business Rates

9.1 Business Rates are payable by the occupier of the premises and should be charged directly to the occupier. Where the premises are occupied by a VCS organisation they may be entitled to claim rates relief.

10. Financial Arrangements

10.1 Rent for premises will be payable as agreed as part of the conditions of the lease or license, depending on the value.

10.2 Each party will bear their own costs entailed in the setting up of any lease or license and associated concession application.

10.3 It is important to ensure that the Council's support for specific VCS organisations does not give them an unfair advantage in tendering or quoting for Council contracts or applying for a Council community grant, should they wish to do so; any organisation that tenders for a contract or applies for a grant should declare any support that it receives (grant aid, subsidised rent or any other support in cash or kind). This will enable the Council to maintain transparency and avoid situations in which other providers, VCS or otherwise, are disadvantaged in competition.

11. Approvals Process

11.1 The lease or licence approval process will be in line with the Constitution as amended from time to time.

11.2 A report will be provided to the Executive annually with a summary of all lettings, lease renewals and rent reviews undertaken in accordance with the VCS Accommodation Policy in the preceding 12 months.

Concession Application

Application Information		
Premises Address:		
Market rent at latest valuation and date:		
Organisation name:		
VCS Registered Charity Number:		
Principal services to be offered:		
Proposed length of occupation:		
Supporting documents submitted: (applications cannot progress without these documents)	☐ Viable business plan ☐ Copies of the last 3 years of audited accounts/financial statements from an appropriate representative/12months projected cash flow forecast are required (new organisation only) ☐ Equalities and Diversity Policy	
Qualifying Criteria for Concession		
Criteria	**Detail**	**Mark**
Does the organisation have sufficient core funding to cover its premise's market rent?	Yes, sufficient core funds in place – FAIL Core funding is in place, but not sustainable or needed for growth of organisation to meet needs – PASS Awaiting confirmation of sufficient core funds – PASS Sufficient core funds not in place – PASS	
Further comment		
Does organisation qualify for a concession? (cannot fail any of the qualifying criteria)	YES/NO	

If the organisation qualifies for a concession, use the scoring matrix to calculate the level of concession.

Item	Scoring Criteria	Justification	Score
How does the organisation support the Council in meeting its corporate priorities, objectives and projects?	**Strong evidence of support – 20** Business plan or other documentation provided shows clear and demonstrable evidence on how this organisation helps the Council meet many of its priorities, objectives and projects.		
	High evidence of support – 15 Business plan or other documentation provided shows to some extent how this organisation helps or could help the Council to meet at least one of its priorities, objectives and projects, but demonstrable evidence is limited.		
	Little evidence of support – 5 Business plan or other documentation provided shows limited information on how this organisation helps or could help the Council to meet at least one of its priorities, objectives and projects.		
	No evidence – 0 No evidence provided within business plan or other documentation supports Council in meeting any of its priorities.		
How does the organisation benefit the Community in Harborough?	**Strong evidence of support – 20** Business plan or other documentation provided clearly evidences the benefit to the community by this organisation in HDC.		
	High evidence of support – 15 Business plan or other documentation provided shows the benefit to the community by this organisation in HDC, but could be better evidenced.		

	Little evidence of support – 5 Business plan or other documentation provided shows limited benefits to the community by this organisation in HDC.		

	No evidence – 0 Business plan or other documentation provided shows no benefits to the community by this organisation in HDC.		
What would the detrimental impact be on the Council if this organisation or some of its services was lost (including equality and diversity issues)?	**Very significant impact – 20** Business plan or other documentation provided clearly shows that there would be a high negative impact on the Council and community of HDC should this organisation/some of its services be lost.		
	Notable impact – 15 Business plan or other documentation provided clearly shows that there would be a notable to high negative impact on the Council and community of HDC should this organisation/some of its services be lost.		
	Some impact – 10 Business plan or other documentation provided shows that there would be some negative impact on the Council and community of HDC should this organisation/some of its services be lost.		
	Little impact – 5 Business plan or other documentation provided does not show that there would be much of an impact on the Council and community of HDC should this organisation/some of its services be lost.		

	No impact – 0 Business plan or other documentation provided does not provide any evidence of detrimental impact on HDC.		
Does the organisation currently receive core funding from the Council?	**Yes – 1 No** **-5**		
		Total	

Level of Concession Rates

Concession Rate	Score
80%	☐ Score 50-65
60%	☐ Score 34-49
40%	☐ Score 16-33
20%	☐ Score 0-16

Conclusion

Level of Concession granted to the organisation:	☐ 80% ☐ 60% ☐ 40% ☐ 20% ☐ None (not suitable for concession)
Comments/further information needed:	
Concession details (if applicable):	
Total annual rent agreed:	
Length of term concession will apply:	
Source of subsidy:	
Review date:	
Authorised Names: Corporate Director	

Authorised signatures:	
If applicable for Portfolio Holder sign-off	
Authorised Signatures:	