
REVIEW OF THE PROVISION OF GRANTS
IN LIEU OF RENT

Report 0 SB/5/04 to the Executive

March 2004

Adopted by the Overview and Scrutiny Board
on 17th March 2004

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Foreword

This Panel was established to consider the current policy for determining applications for grants to offset rent. Given the financial constraints within which the Council must operate this review has been timely.

The Panel has considered how other grants are administered in order for the principle of best practice to be applied. We also welcomed the input from a number of tenants who are currently in receipt of grants. The tenants were able to talk to us about the benefits they gain by having access to the grants and the improvements that they would wish to see in the current system.

By recommending that the Panel continues its work and reviews the policies and procedures for administering all grants across the Authority, it is hoped that the bureaucratic burden can be reduced and the Council's resources used more effectively to meet the aims of the Community Plan.

Councillor Brennan
Chairman of the Grants Review Panel

1. Executive Summary

1.1 The Grants Review Panel considered the current criteria and process for determining applications for grants to offset market rents.

1.2 It examined the processes that are in place for determining applications for Discretionary Rate Relief and Youth Forum Grants. This enabled the Panel to determine if there were lessons to be learnt from these processes.

1.3 The Panel met with a number of Council tenants who are in receipt of grants in lieu of their rent. This provided a chance for the Panel to hear the views of tenants about how the current system works and their suggestions about the main points which should be included within any new criteria.

It is recommended to the Executive:

1.4 That the criteria for determining applications for grants in lieu of rent be set out at Appendix 4 to this Report and that the criteria be applied from 1st April 2004.

1.5 That all future applications be made by way of an application form (as set out at Appendix 5).

It has been agreed by the Overview and Scrutiny Board:

1.6 That the Grants Review Panel reconvene to examine the processes and procedures in place to determine applications for grants across the Authority.

2. Introduction

- 2.1 Community organisations have historically been offered occupation of Council owned land and buildings often as a means of the Council giving support to charitable, sporting and community initiatives. Rather than letting the premises at a concessionary rent, the Council may make a grant to the organisation to offset their rent.
- 2.2 The current process for determining applications for grants to offset rents was agreed by the Policy Committee in February 1992. Applications are considered against the following criteria:
- (a) The cost to the Council of providing and maintaining the facilities
 - (b) The number of organisation members using the facilities
 - (c) The availability and use of the facilities by the public
 - (d) Any self-stewarding arrangements with the Council
 - (e) The charge levied by the Council for comparable facilities
 - (f) Where appropriate, the market rent of the accommodation occupied
 - (g) Any National Non-Domestic Rate relief which may be granted to the organisation.
- 2.3 The level of grant given to a particular organisation is based initially on the level of subsidy sought and the level of detail provided. Data shows that there is disparity between the levels of grants awarded to different organisations.
- 2.4 The Executive, at its meeting held on 17th June 2003, requested the Overview and Scrutiny Board to draw up a policy for determining the level of grant which should be offered in these situations. In order to undertake this work, the Board established the Grants Review Panel.
- 2.5 The key objectives of the Review were:
- (i) To undertake an audit of the grants and other means of assistance given by the Council to organisations within Torbay.
 - (ii) To prepare a policy for determining the level of grant to be allocated to organisations to offset the market rent of premises let to them by the Council.
- 2.6 The Project Plan, which sets out the full details of the review including the methodology which was employed, is attached as Appendix 2.
- 2.7 The membership of the Panel comprised Councillors Brennan, Burridge, Jennings and Lomas. Councillor Brennan, as the Scrutiny Lead Member for Finance, chaired the Review Panel.

3. Process

- 3.1 The Panel met formally on four occasions to consider evidence and to work through its Project Plan.
- 3.2 The audit of grants and other means of assistance which was carried out by the Panel highlighted the different sources of grant funding which were available to organisations within Torbay. In particular, the Panel gave consideration to the policy and procedures which were in place in relation to Discretionary Rate Relief and Youth Forum Grants. Representatives of Paignton Youth Forum attended a meeting to answer the Panel's questions.
- 3.3 The Panel felt it would be appropriate to meet with representatives of a number of organisations which lease premises from the Council and receive grants to offset the rent of those premises. The Panel wished to hear the views of tenants on how the system for determining the level of grant could be improved together with their views of the current criteria. The Panel were interested to learn whether the grants given by the Council enabled the organisations to access other sources of funding. The following organisations assisted the Panel in its Review:
- Acom Centre
Brixham Sea Rangers
Box Canoe Club
Paignton Day Centre
Shopmobility, Paignton
South Devon Coalition of Disabled People
- 3.4 Estates sections in a number of other local authorities were contacted to establish whether they had procedures in place for determining applications for grants in lieu of rent. Gloucester City Council provided information on its Community Support Grants.
- 3.5 The list of key documents (including background papers, reports and briefing notes) which were considered by the Panel is attached as Appendix 3.

4. Key Findings

Discretionary Rate Relief

4.1 The Local Government Finance Act 1988 legislates that charities receive Mandatory Relief of 80% on the Business Rates they pay for the premises they occupy. The same Act gives local authorities the power to award Discretionary Relief.

4.2 To qualify for Mandatory Relief a charity must be a charity registered with the Charities Commission and provide the Council with its registration number. The Council has no option but to grant Mandatory Relief if these criteria are met. However, there is no financial penalty to the Council when Mandatory Relief is granted.

4.3 Discretionary Relief can be awarded or granted in addition to Mandatory Relief and to voluntary and non-profit making organisations (who would not be entitled to Mandatory Relief). Discretionary Relief can be awarded at any level from 1% to 100% of the Business Rates payable on the property. There are costs to the Council in granting Discretionary Relief:

- If a charity is awarded Mandatory Relief and this is "topped-up" with Discretionary Relief, 75% of the "top-up" is borne by the Council.
- Where no Mandatory Relief applies, 25% of the Discretionary Relief is borne by the Council.

4.4 The policy for granting Discretionary Relief was agreed by the Policy Committee in December 2000 and is as follows:

"That Discretionary Relief be granted to charities in cases where local inhabitants receive a significant benefit from that charity, that a body provides a special amenity to that area and to those non-profit making organisations who can demonstrate a financial need, which have no limitations or qualifications for membership and provide significant social, recreational or informal educational benefit to local inhabitants."

4.5 When requesting Discretionary Relief the applicant submits a completed application form (which asks for details of the main objectives and purpose of the organisation) along with:

- Three years audited accounts (where possible).
- Information on the aims and objectives of the organisation.
- Percentage of funds collected locally in Torbay are actually spent in Torbay.

- Any other information considered relevant to support the claim.
- 4.6 Once all the information has been received a report is submitted to the Director of Finance for consideration of the application in consultation with the Executive Member for Finance.

Youth Forum Grants

- 4.7 The Youth Forum of each town have responsibility for allocating grants to youth groups. The general conditions for grant aid are set out in a booklet entitled Youth Work in Torbay. Applications are considered, on an annual basis, by a sub-committee of the Forum. The recommendations of the sub-committee are then ratified by the Forum as a whole.
- 4.8 Applications are made by way of an application form setting out:
- Number of weeks the group is open per year
 - Membership numbers (split into age groups)
 - Average attendance per week
 - Subscription charges
 - Range of activities
 - Other sources of grant income

Views of Tenants

- 4.9 In terms of accessing other sources of funding, having a lease of a building is important to voluntary and community organisations. However, the length of the lease is crucial. Differing views of the ideal length of a lease were given although it would seem that three to five years would be appropriate in the majority of cases.
- 4.10 Organisations also need to be able to demonstrate their occupation of premises over a period of time. Therefore, any grant which is given to offset the rent of the premises should run for the same period of the lease. It is seen by funders as a show of confidence in the organisation if the Council is willing to offer a grant in lieu of rent over the life of the lease. If grants were allocated on an annual basis this would not aid the stability of the organisation.
- 4.11 A further aid to the stability of organisations is a suitable notice period of whether the lease of the premises and any associated grant will be renewed. A notice period of up to 18 months was suggested.
- 4.12 Many of the organisations which apply for grants to offset the rent of their premises are run by volunteers. There is a need to ensure that the bureaucracy of any grant system (including the time taken to complete any form) is kept to the minimum.

- 4.13 The criteria against which applications are judged should be clear and notified to organisations as soon as possible. This enables organisations to put in place procedures for gathering the evidence which is needed to support the application.
- 4.14 A number of organisations raised the issue that there is a need for a central source of advice on grants to be identified. It was clear from the audit that some organisations received a number of grants. Through the application process for grants in lieu of rent, organisations should be encouraged to identify and pursue other sources of funding.
- 4.15 In considering the current criteria against which applications for grants are assessed, it was suggested that organisations should be judged against the priorities within the Community Plan. Consideration should also be given to the use of the facility compared with similar facilities within Torbay.
- 4.16 A number of the organisations suggested that monitoring should take place as a means of ensuring the quality of the services provided. This would mean that the Council could ensure that it was receiving value for money in relation to the grants it provided.

Community Support Grants from Goucester City Council

- 4.17 The Panel considered the application form and guidance notes which were supplied by Goucester City Council. The application form includes information in relation to the aims of the organisation and how the organisation meets the aims of the Council and serves people who are disadvantaged. Guidance notes provide background information to assist applicants to complete the form and the Panel felt that these were written clearly.

5. Conclusions

- 5.1 Given the limited resources available to the Council to support community and voluntary organisations, it was felt that applications should be judged against the priorities within the Community Plan. The amount of benefit which residents of Tobay received from the organisation should be considered.
- 5.2 The current practice of grants running in tandem with the lease or rent review periods should be continued to enable organisations to have a degree of stability. However, consideration should be given when granting leases to the appropriate length for the lease.
- 5.3 Whilst it may be seen as an additional burden on voluntary organisations, the Panel feel that applications should be made by way of an application form. This will ensure that Members have all the appropriate information available to them when applications are determined.
- 5.4 The Panel feel that, at this stage, applications for grants in lieu of rent should continue to be determined by the Executive.
- 5.5 The Panel believe that mechanisms should be put in place within the Authority to enable renewal of rents and grants to be determined as early as possible. This will mean that voluntary organisations will be afforded a higher degree of stability than is currently the case.
- 5.6 During the course of the Review it has become apparent to the Panel that a wide range of policies and procedures are in place for determining the various grants which the Council administers. In order to provide clarity to organisations and to maximise the benefits the community derives from the Council's limited resources, the Panel feel that further work should be undertaken to determine if any of these policies and procedures can be rationalised.
- 5.7 As part of this further review, the Panel would wish to consider the best mechanism for determining applications for grants (for example, via a working party or committee of the Executive).

6. Recommendations

It is recommended to the Executive:

- 6.1 That the criteria for determining applications for grants in lieu of rent be set out at Appendix 4 to this Report and that the criteria be applied from 1st April 2004.
- 6.2 That all future applications be made by way of an application form (as set out at Appendix 5).

It is been agreed by the Overview and Scrutiny Board:

- 6.3 That the Grants Review Panel reconvene to examine the processes and procedures in place to determine applications for grants across the Authority.

7. Monitoring Arrangements

- 7.1 The Panel feel that the implementation of the new criteria for determining applications for grants in lieu of rent should be monitored through the submission of a report to the Overview and Scrutiny Board in March 2005.

Acknowledgements

The Panel would like to thank the following organisations which provided information for it to consider:

Acom Centre
Brixham Sea Rangers
Gloucester City Council
Hex Canoe Club
Painston Day Centre
Painston Youth Forum
Shopmobility, Painston
South Devon Coalition of Disabled People

Appendix 1

Implications of the Recommendations

Legal	The Council may set criteria for the awarding of grants to offset rents.
Financial	The Council has limited resources to grant fund organisations to offset market rents. The introduction of a clear process for allocating these limited resources will ensure the most effective use of these limited resources. This budget provision for offsetting market rents will be considered as part of the Council's annual budget process.
Human Resources	None
Property	As set out in the Report.
Change Mgt Plan	None

The recommendations contained within this Report are in accordance with the Council's Budget and Policy Framework

The recommendations contained within this Report would be a Key Decision
(Reference X54/2003)

Appendix 2

Review of the provision of grants in lieu of rent

Project Plan

Objective of the Review

To draw up a policy for determining the level of grant to be allocated to organisations to offset the market rent of premises let to them by the Council.

Introduction

Community organisations have historically been offered occupation of Council owned land and buildings, often as a means of the Council giving support to charitable, sporting and community initiatives. Rather than letting the premises at a concessionary rent, the Council may make a grant to the organisation to offset their rent. Most of the grants are funded from the Environment Services budget but other directorates provide similar funding as well.

The Executive, at its meeting held on 17th June 2003, requested the Overview and Scrutiny Board to draw up a policy for determining the level of grant which should be offered in these situations.

Scope of the Review

1. To undertake an audit of the grants and other means of assistance given by the Council to organisations within Torbay.
2. To prepare a policy for determining the level of grant to be allocated to organisations to offset the market rent of premises let to them by the Council.

Service Background

The current process for determining applications for grants to offset rents was agreed by the Policy Committee in February 1992. Applications are considered against the following criteria:

- (i) The cost to the Council of providing and maintaining the facilities
- (ii) The number of organisation members using the facilities
- (iii) The availability and use of the facilities by the public
- (iv) Any self-stewarding arrangements with the Council
- (v) The charge levied by the Council for comparable facilities
- (vi) Where appropriate, the market rent of the accommodation occupied
- (vii) Any National Non-Domestic Rate relief which may be granted to the organisation.

The level of grant given to a particular organisation is based initially on the level of subsidy sought and the level of detail provided. Data shows that there is disparity between the levels of grants awarded to different organisations.

In addition to grants which are given to offset market rent, the Council provides other means of assistance to organisations. An example of this is discretionary rate relief. Premises occupied by charities receive mandatory rate relief of 80% with the Council having

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discretion to pay for some or all of the remaining 20%. The Council can grant rate relief on the premises occupied by non-profit making and recreational organisations.

Some organisations may be receiving grants or relief from a number of different sources within the Council.

Legislative Background

There are three separate pieces of legislation which relate to the payment of grants to organisations:

Local Government Act 1972	Section 137(3)	The Council may contribute to the funds of any charitable body in furtherance of its work in the United Kingdom, or of any body which provides any public service (to the public at large or any section of it) there otherwise than for gain.
Local Government (Miscellaneous Provisions) Act 1976	Section 19	The Council may make grants towards the expenses incurred by voluntary organisations in providing recreational facilities specified therein.
Local Government Act 2000	Section 2	The Council may financially assist organisations where it considers this likely to promote or improve the economic, social or environmental wellbeing of its area or part of it or for any residents or others present therein. The Council must have regard to its community strategy.

Initial Supporting Documentation

Report Corp/111/02
Minute 675/2/92

Review Panel

Councillor Brennan (Scrutiny Lead Member for Finance)
Councillor Burridge
Councillor Jennings
Councillor Lomas
Councillor Westwood

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Time table for Review and Methodology

Date	Time	Venue	Council/Stakeholder/Community Representatives	Key Tasks
Thursday 11th December 2003	2.00 p.m.	Town Hall, Torquay		<ol style="list-style-type: none"> 1. To agree the objectives and scope of the Project Plan for the Review. 2. To agree the key tasks to be undertaken by the Panel in completing its Review.
Monday 19th January 2004	2.00 p.m.	Town Hall, Torquay		<ol style="list-style-type: none"> 3. To consider the information gathered through the audit of grants and other assistance provided by the Council. 4. To consider the existing arrangements for determining applications for grants to offset the market rent of Council premises.
Monday 9th February 2004	2.00 p.m.	Town Hall, Torquay	Paignton Youth Forum Acom Centre Paignton Day Centre Tex Canoe Club Brixham Sea Rangers South Devon Coalition of Disabled People Shopmobility, Paignton	<ol style="list-style-type: none"> 5. To gain an understanding of how other organisations determine applications for grant aid. 6. To hear the views of tenants on the current system of grants and how it could be amended.
Monday 1st March 2004	2.30 p.m.	Town Hall, Torquay		<ol style="list-style-type: none"> 7. To consider the criteria against which future applications for grants should be considered. 8. To make recommendations on the implementation of any new policy in relation to outstanding applications for grants and organisations currently in receipt of grants.

The final report of the Review Panel will be presented to the Overview and Scrutiny Board at a meeting to be held on 17th March 2004.

Appendix 3

List of Key Documents

- Report Corp/116/02 on Community Grants
(This Report is not available publicly by virtue of paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972)
- Briefing Note on grants to offset market rents, discretionary charitable rate relief and other grants
- Rate Relief Form
- Briefing Note on grants procedure at Gloucester City Council

Appendix 4

Criteria for assessing applications for grants in lieu of rent

1. Do the activities or services provided by the organisation contribute to Tothay's Community Plan objectives?

The Council will not normally offer grant support to organisations whose activities do not support one or more of the Community Plan objectives.

2. How many residents of Tothay benefit from the services provided by the organisation?
3. What is the level of benefit received by those users of the organisation?
4. How well does the organisation promote social inclusion?
5. Would the Council need to provide the services if they were not provided by the organisation?
6. How much other funding will the organisation be able to access if the Council provides a grant?
7. What mechanisms are in place for working in partnership with other organisations?
8. How far is the organisation able to become self-supporting over the period of the grant?

Appendix 5

Application Form for Grants in lieu of Rent

1. Information about the organisation

1.1 Name of Organisation

--

1.2 Address of premises to which the grant will apply

--

1.3 Which of the following best describes your organisation?

a. Registered Charity ☐

If yes please provide Charity Registration Number:.....

b. Awaiting Charity Registration ☐

c. Charitable organisation which is not registered in any way ☐

d. Company Limited by guarantee..... ☐

e. Other (**Please state**): ☐

1.4 Is your organisation:

affiliated to a national voluntary organisation? Yes ☐ No ☐

a branch of a national voluntary organisation? Yes ☐ No ☐

If yes to either of these:

Do you have an independent local management committee? Yes ☐ No ☐

Do you produce separate accounts for the local organisation?..... Yes ☐ No ☐

2. Name and Address of Contact Person

To whom any queries on this application and correspondence should be addressed

2.1 Name of contact.

--

2.2 Position held within organisation:

--

2.3 Address if different from above.

--

2.4 Telephone Number

Home:

Work:

3. Grant Information

3.1 Amount of rent due on premises £ pa

3.2 Amount of grant requested £ pa

3.3 Length of lease

3.4 Do you wish to apply for a grant for the length of your lease? Yes ☐ No ☐

3.5 Please explain why you need a lease of this length

3.6 Have you ever received, or do you currently receive, funding from Torbay Council? Yes ☐ No ☐

3.7 If Yes,

year	<input type="text"/>
amount	<input type="text"/>
type of grant	<input type="text"/>
what for	<input type="text"/>

£	£	£

4. Your Organisation

4.1 Please describe the aims of your organisation.

4.2 What services and/or activities will you provide from your premises?

4.3 Which of the priorities within Torbay's Community Plan does the work of your organisation meet? If you meet more than one please tick appropriate boxes.

- Making Torbay a safer place ☐
- Developing Torbay's culture ☐
- Towards a prosperous Torbay..... ☐
- Improving health, housing and social care in Torbay..... ☐
- Placing learning at the heart of our community..... ☐

4.4 Please explain briefly how your organisation meets the priorities you have ticked.

4.5 Please describe how your organisation promotes social inclusion (i.e. how does it serve people who are disadvantaged).

- 4.6** Please give three examples of how your organisation made a difference to the lives of your users in the last 12 months.

- 4.7** How many members does your organisation have?

- 4.8** How many users did your organisation have last year?

- 4.9** How many of your users were residents of Torbay last year?

- 4.10** Do you have an equal opportunities policy? Yes ☐ No ☐

- 4.11** Please give examples of how you ensure your service is accessible to all sections of the community

- 4.12** Are you aware of any other organisations which also provide similar services or activities in Torbay? Yes ☐ No ☐

If yes, please give brief details, and describe how your organisation liaises or works with these organisations to complement each other and avoid duplication.

5. Financial Information

- 5.1** Please provide details of your organisation's income and expenditure last year, your budget for this year and your proposed budget for next year.

INCOME – Source	Last year	This year	Next year
Grants			
:			
:			
:			
:			
Fund-raising			
:			
:			
:			
Earned Income			
:			
:			
:			
Reserves brought forward (do not include fixed assets)			
Other (please specify what they are for)			
TOTAL			

EXPENDITURE – Details	Last year	This year	Next year
Salaries/Staffing			
Premises			
Administration			
Volunteers/Management Committee			
Resources and Training			
Transport			
Other			
TOTAL			

Please provide details of any reserves you had at the end of the last financial year, which were either reserves for a specific purpose (e.g. building fund) or were general reserves (e.g. funds held on deposit at the bank).

5.2 What reserves (excluding fixed assets) were held by your organisation at the end of the last financial year?

£

5.3 What are these reserves held for?

5.4 What was the value of your fixed assets at the end of the last financial year?

£

- 5.5** What are your plans generating income or making savings over the period of your lease?

--

6. Checklist

Please enclose with your application a copy of your constitution, your equal opportunities policy (if applicable) and your latest annual accounts and report.

	Enclosed	Not Produced
Constitution		
Equal Opportunities Policy		
Annual Accounts for last financial year		
Annual Report for last financial year		

7. Additional Information

Please use this space for any additional information relevant to your application.

--

8. Declaration

This application has been seen and approved by the organisation's Management Committee/officers of the Management Committee. The information contained in this application is correct to the best of my knowledge and belief.

Signed:

Position in Organisation:

Date:

Please return completed form to:
