



Letting Council Investment Properties to Voluntary and Community Organisations Policy

The council owns significant assets across the borough including investment, operational and regeneration land and property. The key purpose of the investment property portfolio is to generate additional income for the council to support frontline services. Assets held within the investment portfolio typically fall into leisure, office, industrial and retail sectors. This policy sets out the principles and processes to be applied by Basingstoke and Deane Borough Council when renting council-owned buildings in its commercial 'Investment Portfolio' to voluntary and community organisations.

Community and non-profit organisations make a significant contribution to the economic and social wellbeing of the borough's communities. The council recognises this, in some instances, by leasing properties to voluntary and community organisations at a subsidised rent. It needs to be acknowledged that there is an opportunity cost of doing this as the income generated from the council's letting of commercial properties is directly reinvested into delivery of vital services. Opportunities for offering subsidised rents are therefore limited and must be justified by the benefits generated for residents and communities.

The council is committed to applying a consistent approach to community and voluntary organisations seeking to take on existing council-owned properties, as stated in the Council Plan 2023 to 2027 (or subsequent replacement strategies). This policy will ensure that all voluntary and community organisations are treated fairly, and in direct relationship to the level of community benefit they provide.

This policy does not apply to purpose-built community centres or to properties outside the council's Investment Portfolio.

Contents

- [Definition of voluntary and community organisations](#)
- [Letting council investment properties \(other than purpose-built community centres or non-investment portfolio properties\) to voluntary and community organisations](#)
- [Rental subsidy and lease arrangements](#)

- [Lease review, termination and disputes](#)
 - [Transition Arrangements](#)
 - [Appendix A - Rental Subsidy Eligibility Checklist](#)
 - [Appendix B - Assessing level of rental subsidy in relation to organisational capacity and social and economic benefits](#)
-

Definition of voluntary and community organisations

For the purposes of this policy, a voluntary or community organisation is one that:

Is formally constituted, with objectives that clearly set out the organisation's purpose. It may be a company limited by guarantee, a community interest company (CIC), a community benefit society, a community land trust (CLT), a charitable incorporated organisation (CIO) friendly society, a registered charity etc, but in all cases the organisation's objectives should reflect its social and/or charitable purpose and should include an 'asset lock' which safeguards any assets owned by the organisation from being sold for private benefit.

Is independent of government and is constitutionally self-governing, usually with a voluntary board of trustees or management committee.

Does not distribute any surpluses to owners or members but spends them on serving its purpose as set out in the organisation's objectives. It excludes commercial concerns but includes organisations which charge users or the public for services, undertake contracts for statutory bodies or operate commercial subsidiaries which trade and transfer profits to parent organisations.

Is not engaged in supporting candidates for political office. Political parties are excluded from the definition of a voluntary or community organisation.

Letting council investment properties (other than purpose-built community centres or non-investment portfolio properties) to voluntary and community organisations

Properties in the council's investment portfolio that are available to rent to voluntary and community organisations (and where concessionary terms would be considered) will be advertised on the council's website, together with the length of lease available. Properties will be available at market rent unless a rental subsidy is agreed in accordance with this policy. Where a voluntary or community organisation is investing capital to fit out and/or renovate premises, the council may agree a rent-free period in recognition of this investment.

To apply for a rental subsidy, the organisation must meet the definition set out as above.

Profit making organisations (other than co-operatives and social enterprises), faith groups using premises mainly for religious purposes, and organisations providing services to a restrictive membership group, will not be eligible to receive a rental subsidy.

The organisation must provide services that are delivered primarily for the benefit of Basingstoke and Deane residents. At least 75% of beneficiaries must be Basingstoke and Deane residents.

Basingstoke Voluntary Action (BVA) provide help and advice to Charitable, Voluntary and Community Groups and are located at The Orchard, White Hart Lane, Basingstoke. The organisation will be expected to have approached Basingstoke Voluntary Action (BVA) to ascertain whether hireable accommodation at The Orchard, could meet their needs and, if not, suitable evidence as to why this is the case.

Organisations will be expected to apply for rental subsidy using the standard application form published on the council's website and provide the following information:

Constitution

Business plan

Most recent audited/checked accounts (to cover last 3 years accounts).

List of all sources of income.

Confirmation of the financial means to maintain the property in accordance with the terms of any future lease.

Description of service, client group and residents served.

Description of the need for and community benefit of the service.

How the organisation proposes to measure, evidence and monitor the benefits and impact of the service.

List of organisations sharing the premises (eg by hiring a room or subletting space) and details of their use of the premises; or reasons why the premises cannot be shared with other organisations.

Organisations applying for council accommodation with rental subsidy will be prioritised as follows (as set out in Appendix B):

Supporting the achievement of the priorities of the Council Plan 2023 to 2027 (or subsequent replacement strategies).

Demonstrable need for the service.

Delivering services in the areas with greatest deprivation within the borough of Basingstoke and Deane and/or supporting vulnerable client groups. *

Maximising use of premises (both temporally and spatially).

Sharing premises with other voluntary and community organisations where possible.

Gross annual surplus (organisations with a lower/nil annual surplus will be prioritised).

*[*With regard to the Indices of Deprivation, reference to areas at Lower Super Output Area (LSOA) can more accurately be used to justify / evidence targeting at areas of deprivation across the borough as ward level data can often mask smaller areas of greater need.*

Vulnerable groups: For interpretation, but would include those experiencing poverty, more dispersed issues of rural deprivation, those with disabilities (physical and/or mental), refugees and asylum seekers, those in housing need.]

Organisations with reserves equivalent to more than two years' operating costs will not be eligible to receive a rental subsidy. Organisations will be asked what steps they have taken to obtain more funding from non-council sources and be offered support to do so, if required. If an organisation receives rental contributions from other council grants or commissioning, they will not be eligible to apply for rental subsidy as this would be considered duplicate funding.

Where an organisation sublets space in the premises to other organisations, then the property may be eligible for rental subsidy, on condition that the amount paid by the subtenant is no more than a charge to cover the organisation's reasonable costs of managing and running the building. The organisation's rental subsidy may be reduced if it is making a profit from the arrangement.

An 'Eligibility Checklist' is included in Appendix A.

Rental subsidy and lease arrangements

A rental subsidy may be awarded at a rate, determined by the council, up to a maximum of 75% of the market rent. Any subsidy offered will be directly related to the assessed level of benefit provided by the voluntary or community organisation. (N.B. Where applicable the voluntary or community organisation will still be responsible for paying in full any additional service charge).

Subject to compliance with the Subsidy Control Act 2022, the rental subsidy will be awarded to successful applicants for a maximum of three years.

The council will enter into either an Internal Repairing and Insuring (IRI) or Full Repairing and Insuring lease (FRI) lease with the voluntary or community organisation. Standard clauses will be inserted into the lease setting out the performance standards to be met and the tenant will be required to submit an annual return to demonstrate, on an annual basis, that they are continuing to meet the policy criteria. This annual return will need to evidence how the organisation is monitoring and evaluating outcomes and community benefits, including for targeted beneficiaries.

In accordance with the terms of the lease or subject to the written approval of the council, organisations will be allowed to hire or sublet underused parts of their premises to another community or voluntary organisation that provides a community benefit to Basingstoke and Deane.

The rental subsidy may be reduced or removed if the voluntary or community organisation fails to meet the terms of the lease. The council may also reduce the rental subsidy where there is a reduction in the contractual rent (note: an increase in rent during the three-year period will not automatically result in an increase in the rental subsidy). In the event of the council deciding to

reduce the rental subsidy within the three-year funding period, the council will give six months' notice of its decision and give reasons for its decision.

[Charitable organisations may be entitled to claim relief from Non-domestic Business Rates and can apply using the council's existing procedure. \(https://www.basingstoke.gov.uk/charity-non-profit-casc\)](https://www.basingstoke.gov.uk/charity-non-profit-casc)

Lease review, termination and disputes

Leases will be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. This means that tenants do not have an automatic right to renew the lease when it expires. The length of the lease granted by the council depends on a number of factors, including: the length the services agreement is for; the financial viability of the organisation; its ability to manage a property and comply with the terms of the lease; the initial investment required by the organisation to refurbish the property; and the council's medium or long-term plans for the property.

The lease will be subject to annual review by the Property and Assets team, to ensure that the organisation is meeting the terms of this policy and agreed performance standards. The lease will contain provisions that allow the council to terminate the tenancy upon six months' notice if the organisation no longer meets the terms of this policy and agreed performance standards. Provisions will also allow the tenant to similarly terminate the tenancy should the rental subsidy be reduced or withdrawn or in circumstances where the arrangements are no longer financially viable for the tenant organisation.

When the lease expires, the council will assess whether the tenant organisation continues to meet the initial assessment criteria and whether it is appropriate for them to remain in occupation under a renewed lease, or for the property to be offered to an alternative organisation. In considering whether to renew the lease, the council will consider whether the priorities against which eligibility was assessed at the time the property was allocated are still relevant, the organisation's satisfactory performance, compliance with the lease and regular use of the property for the purposes agreed with the council. The council will also consider its own and wider community needs at the time the decision is made.

Any dispute over the council's rejection of an application, or decision to reduce the rental subsidy will be referred to the Director of Regeneration for determination.

Transition Arrangements

This policy will apply to all new lettings for identified available premises. It is acknowledged that there is a legacy of existing lease arrangements with voluntary and community tenants in a number of investment portfolio properties that may or may not be compliant with this new policy. To be fair and consistent it is therefore proposed to introduce a transition phase over a two-year period to enable all leases of investment portfolio properties to voluntary and community organisations to be policy compliant, subject to the terms of existing leases. This transition period will be initiated by a requirement for all current occupiers of investment portfolio properties who receive a rent subsidy, to have submitted an application by the 31 July 2025.

Following assessment there are a range of possible outcomes, subject to the terms of any current leases:

The organisation is not eligible for a rental subsidy: if this is the case then the organisation will be given 12 months' notice to either end the lease or agree to a renewed lease at full market rent within two years. The level of subsidy will be reduced by 50% in 2026/27 and full market rent will be charged in 2027/28.

The organisation is eligible for a subsidy but at a lower level (noting that the maximum subsidy is capped at 75%): existing arrangements will be maintained for the 2025/26 financial year. The 'excess' subsidy will then be reduced by 50% in 2026/27 and removed entirely for 2027/28. The organisation will be required to submit an annual return to evidence continued eligibility for a subsidised rent. The organisation can of course opt to end the leasing arrangement at any time with 6 months' notice.

The organisation is eligible for a subsidy, and the current level of subsidy is assessed to be appropriate: current arrangements will continue but the organisation will be required to submit an annual return to evidence continued eligibility for a subsidised rent.

(N.B. In the unlikely event that an organisation is eligible for a higher level of subsidy than currently is the case, then the higher level of subsidy would be applied from the 2026/27 financial year subject to an annual return evidencing continued eligibility).

By the end of the two-year transition period all leases of Investment Portfolio properties to voluntary and community organisations, subject to the terms of any current leases, should be policy compliant with all organisations treated fairly and consistently with transparent evaluation criteria.

Appendix A - Rental Subsidy Eligibility Checklist

Eligibility Questions

1. Has the organisation provided all the evidence requested in the application form? Does evidence provided demonstrate that the organisation meets the council's eligibility criteria? a. Is it community led? b. Is it properly constituted, with good governance? c. Is it capable of sustainably, legally and safely managing an asset and delivering services (including the financial means to maintain in line with the lease requirements)? d. Does it comply with the provisions of the Equality Act 2010?	'Yes' to all questions (carry on to question 2)	No (organisation is not eligible for this support)
2. What proportion of the people benefitting from the organisation's services live in the borough of Basingstoke and Deane?	75% or more (carry on to question 3)	0-74% (organisation is not eligible for this support)

Eligibility Questions

3. Do the organisation's services support priorities of the Council Plan 2023 to 2027?	Yes (carry on to question 4)	No (organisation is not eligible for this support)
4. Has the organisation provided its most recent accounts (last 3 years if available)?	Yes (carry on to question 5)	No (organisation is not eligible for this support)
5. Has the organisation provided a budget or business plan?	Yes (carry on to question 6)	No (organisation is not eligible for this support)
6. Is the level of reserves equal to or greater than two years of the organisation's operating costs? a. Annual operating costs b. Total reserves	No (carry on to question 7)	Yes (organisation is not eligible for this support)
7. Has the organisation discussed their accommodation needs with Basingstoke Voluntary Action (BVA) and provided an explanation of why space at The Orchard, White Hart Lane, Basingstoke cannot meet these needs?	Yes	No (organisation is not eligible for this support)

Appendix B - Assessing level of rental subsidy in relation to organisational capacity and social and economic benefits

Organisations applying for council accommodation with rental subsidy will be prioritised as follows:

- Supporting the achievement of the priorities of the Council Plan 2023 to 2027 (or subsequent replacement strategies).
- Demonstrable need for the service.
- Delivering services in the areas with greatest deprivation within the borough of Basingstoke and Deane and/or supporting vulnerable client groups.
- Maximising use of premises.
- Sharing premises with other community and voluntary organisations where possible.
- Gross annual surplus (organisations with a lower/nil annual surplus will be prioritised).

Benefits	Value	Score
Alignment with Council Plan priorities and level of impact.	The council needs to be satisfied that the organisation makes an important contribution to achieving a council priority outcome (or outcomes).	0 - 40
Demonstrable need for the service.	<p>Scoring will be based on the extent to which an organisation contributes to meeting council priorities. The highest scores will be allocated to organisations which are crucial to the delivery of a council priority and where the organisation ceasing to operate would have an unacceptable significant negative impact on a priority outcome.</p> <p>As a minimum, organisations will need to demonstrate how their activities contribute to Council Plan priorities and the level of impact.</p> <p>The overall number of beneficiaries is also a factor that will be considered.</p>	
Area and focus of operation: primarily benefitting residents in an area of higher deprivation and / or vulnerable groups.	<p>The highest score will be given to organisations:</p> <ul style="list-style-type: none"> • Benefitting residents in the most deprived parts of the borough. (see guidance notes) • Benefitting vulnerable groups (see guidance notes). 	0 - 30
Demonstrable need for the service.		
Maximising use of premises.	<p>To be assessed both temporarily and spatially.</p> <ul style="list-style-type: none"> • Number of mornings, afternoons and evenings premises used per week. • Level of utilisation of all the space available. 	0 - 10
Sharing premises with other community / voluntary organisations.	<p>In order to maximise the community benefit of space available, organisations that share (or intend to share) any space with other users will be scored more highly.</p> <p>If sharing is proposed, details are required (the level of shared use will need to be considered).</p> <p>If sharing is not possible then the reasons for this need to be convincing and a maximum score of 5 will be given if not sharing space is justified adequately.</p>	0 - 10
Annual surplus of organisation (average over last three years)	<p>If an organisation is consistently generating a significant surplus on an annual basis, then the need for and level of subsidy is likely to be less.</p> <p>low (up to £5k) medium (up to £50k) high (over £50k)</p>	<p>low = 10 med = 5 high = 0</p>

Benefits	Value	Score
Total maximum score		100

Suggested subsidy:

Score	Subsidy
70 - 100	75%
50 - 69	50%
30 - 49	25%
1-29	0%