Fife Council

Subsidised Lease Policy

(Implementation effective - April 2020)
(January 2022 Revision)

Policy Statement

Fife Council is committed to; creating thriving places where everyone has the opportunity to play a full and active part, to promoting healthy lifestyles and to building strong communities by recognising and supporting groups and organisations that make a difference in their communities. In support of this ambition, the Council leases assets (normally land or buildings) at a subsidised lease value to a wide range of voluntary groups, clubs and other community-based organisations.

Policy Objectives

The objectives of this policy are to:

1. ensure maximum community benefit is derived from Council owned assets;
2. strengthen participation and engagement in community and recreational activities;
3. ensure subsidised leases are managed consistently and fairly through transparent assessment processes.

Scope of Policy

This policy applies to all voluntary groups, registered charities, clubs, uniformed community groups and other community-based organisations as tenants of Fife Council assets.

In the case of social enterprises, support can be provided via a subsidised lease, but this should be for a limited period and at a reducing rate with the expectation that social enterprises aim to become self-financing.

This policy does not apply to commercial leases including professional sports clubs.

Where there are exceptional circumstances which require a variation from the policy, consent will be required to be obtained from the Head of Service of the asset holding Service.

Guiding Principles

The following set of principles will govern the Council's response when granting and managing subsidised leases:

Fife Council:

1. Believes that providing subsidised leases to community organisations can play a key role in supporting and sustaining local communities. The Council is bound by legislation to obtain best consideration for its assets, but can dispose of it at less than market value when certain considerations apply, e.g. community benefit.

2. Recognises property assets as a resource to be used in the delivery of services and to support the delivery of the Plan for Fife.

3. Commits to positive, supportive engagement and a collaborative relationship with community groups in the implementation of the Subsidised Lease Policy.

4. Values the community benefit derived from the activities undertaken by community organisations and will take this fully into account in setting a fair lease value.

5. Where the lease is not fully repairing and insuring, will responsibly manage and maintain the asset to the standard required under the terms of the lease.

6. Will encourage groups to amalgamate or share resources where it will effectively utilise the asset for example; groups facing financial hardship, declining membership, low utilisation or similar activity provided nearby by other groups.

7. Will apply the terms and conditions within leases consistently.

8. Will adopt a flexible approach when responding to changing community circumstances.

9. Will not impose a charge to the community organisation for the preparation of leases and rent reviews.

Leasing Approach:

1. The value of the lease will be assessed via a community benefit statement or as a standard value. The lease will reflect the market value with the percentage subsidy or the standard value applied by a back letter.

2. All applications for subsidised leases in relation to community facilities will be considered against the principles and criteria for assessing community benefit and an appropriate percentage subsidy applied. This is set out in appendix 1.

3. All applications for subsidised leases in relation to sports pitches and grounds will have a standard lease value applied and will not be assessed for community benefit. This is set out in appendix 2.

4. New leases will be developed on the basis of the tenant assuming full repairing and insuring leases (FRI).

5. At either the point of rent review or lease renewal there will be a re-assessment of community benefit to determine the appropriate level of lease subsidy.

6. Standard values will be reviewed in line with inflation at policy review points. Noted below under Policy Review.

7. The maximum duration for the granting of a lease is 25 years.

8. Buildings constructed or paid for by the tenant or its predecessor organisation on council land will not be considered in the standard or market value to which the subsidy is applied. Where proof of construction of a building cannot readily be established by a community group, the onus will be on Fife Council to evidence ownership or accept that the community group owns it.

9. Subsidy will not normally be awarded at 100%.

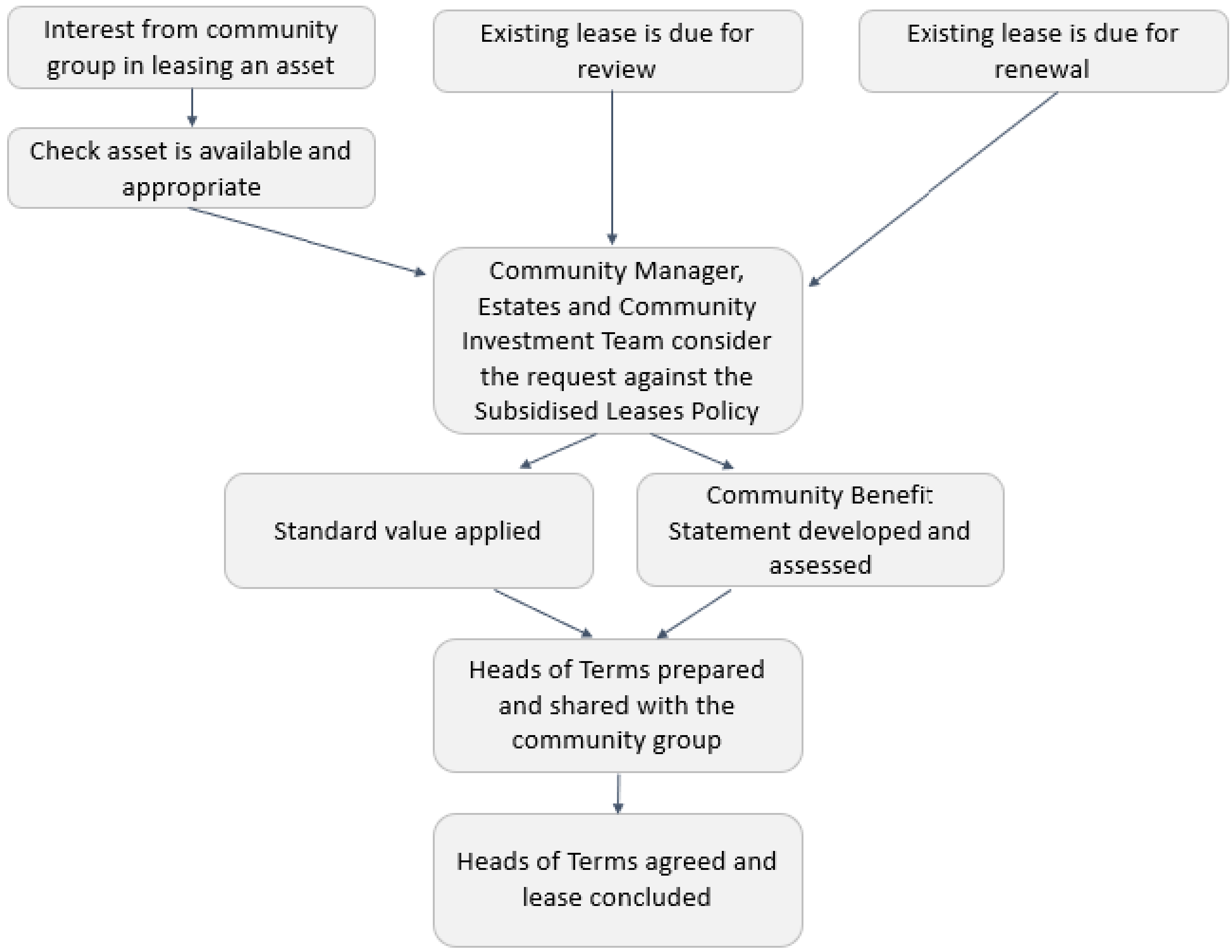
10. Where the asset in question sits on the Common Good account, the process is likely to be extended due to the need for (i) a public consultation in terms of Section 104 of the Community Empowerment (Scotland) Act 2015 and (ii) in some cases, consent from the Sheriff if the asset is inalienable Common Good. Any external charges incurred by the Council in obtaining Sheriff's consent shall be borne by the tenant.

11. A reduction of 50% on the standard value for a pitch will be considered if the tenant is carrying out maintenance work/grass cutting.

12. In the case of a long lease, for example 20 years or longer, where a community group is required to register their lease, there will be outlays to both parties. Where there is an actual external cost to the Council, e.g. a district valuation fee, property enquiry certificate, Legal and Plans Reports, this should be met 50% by the Council Service and 50% by the tenant.

13. Existing tenants under the policy applying for an assignation to another community body (or require to assign due to restructuring for example, to a SCIO) or for a licence for works will only be charged for any actual external costs incurred by the Council (e.g. registration dues).

14. The following flow chart outlines the leasing approach:



Responsibility of Community Groups

It is highly recommended that all groups seek their own legal advice or support from an appropriate body throughout this process.

All tenants will:

1. Acknowledge the support of Fife Council in relevant public documentation and on the site of the asset.

2. Responsibly manage and maintain the asset to the standard required under the terms of the lease.

3. Ensure appropriate policies are in place to protect children, young people and vulnerable adults and that staff and volunteers are a member of the PVG scheme if appropriate.

4. Ensure that they have in place adequate policies and procedures to ensure compliance with all aspects of health and safety legislation (as it relates to the size and nature of the asset and its intended use).

5. Ensure appropriate risk assessment measures are in place.

6. Comply with all relevant legislation applicable to the services offered from the asset.

7. Undertake responsibilities in relation to legionella testing, fire alarm testing, asbestos registering and management, fixed wiring tests, portable appliance tests, gas safety tests and any other requirements as appropriate and expressed in the terms and conditions of the lease.[1]

8. All tenants will be required to reimburse the Council for building insurance premiums paid for the asset through Fife Council's current insurance policy.[2]

9. Arrange separately and meet the costs of public liability insurance and contents insurance.

Policy Review

The policy will be reviewed every 5 years, including a review of the standard values to be applied.

[1] *As part of the development work to be undertaken, consideration will be given to developing a package of preferential rates for the required testing.*

[2] *As part of the development work to be undertaken, consideration will be given to securing an alternative standard insurance package negotiated via Fife Voluntary Action as an option for groups.*

Appendix 1

Assessment of Community Benefit

Officers will complete a Community Benefit Statement (attached as appendix 3) when assessing the suitability for a community organisation to enter into a new subsidised lease arrangement with Fife Council, at renewal periods or when varying existing leases. The Community Benefit Statement will be updated and the subsidy re-assessed at each 5-year review point. The Community Benefit Statement will be completed through engagement with the community group and will normally be completed in a 3-month period. The Community Benefit statement will include consideration of the following:

1. Assessment of Capacity:

- **Leadership** – demonstration that there are the skills and capacity within, or available to, the organisation to effectively deliver services and manage the facility as intended;

- **Governance & Accountability –** demonstration that the appropriate governance arrangements, structures, policies and leadership behaviours are in place within the organisation;

- **Resources –** can the organisation identify all the resources required to deliver the activities and the resulting benefit? In particular, has due consideration been given to running costs and ongoing maintenance requirements?

- **Sustainability –** can the organisation demonstrate an effective use of resources in the short term and an informed prioritisation of resources in the longer term in order to sustain and develop the facility and the activities / services to be provided?

2. Assessment of Fit with Council and Community Planning Priorities

- **Purpose / Activities** – What is the group's purpose? What are the additional facilities and programmes proposed? What additional benefits will the proposal bring to the community?

- **Fit with Plan for Fife** – How does the activity of the organisation contribute to the themes of the Plan for Fife and / or the relevant Local Community Plan/s?

- **Impact on Public Service Costs** – Consideration of whether the organisation contributes to public services e.g. does it support a prevention agenda?

- **Currently in receipt of a Fife Council grant or has a Service Level Agreement**? – Is the organisation currently in receipt of a grant from Fife Council or does it already have a service level agreement in place?

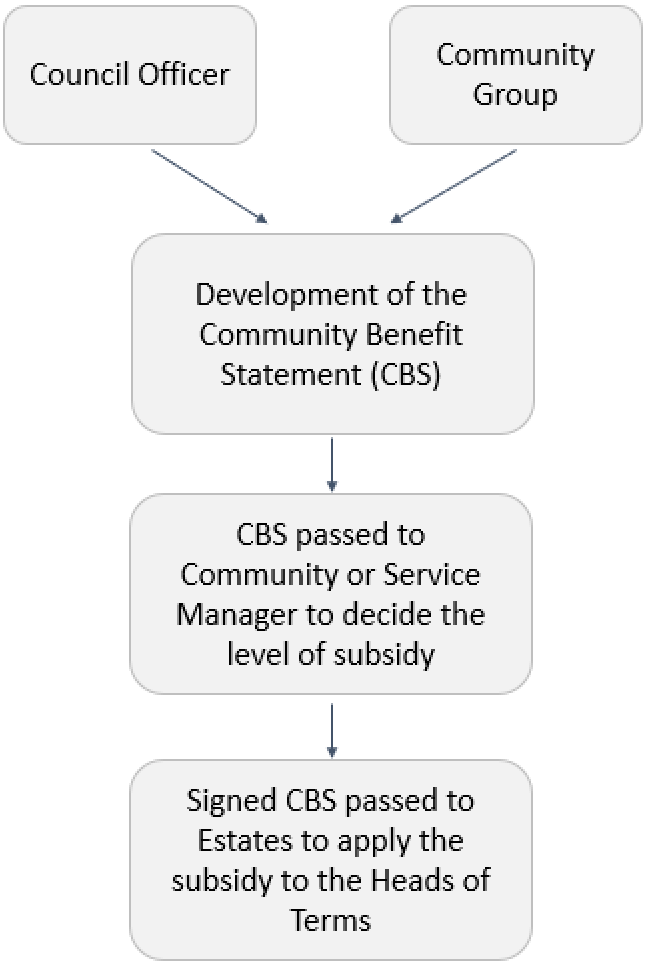
3. Assessment of Community Support:

- **Usage –** Consideration of the number of users (individuals and groups) and the range of services and activities being provided;

- **Local Community Support –** Consideration of the level of support from local community and evidence of consultation with users;

- **Wider Public Support –** How will the community and service users be involved in running the services being provided; how will this contribute to making our communities stronger?

4. **Completion of Community Benefit Statement**



Assessment Scoring Matrix

Based on the above assessment criteria, officers should use the following matrix to consider the level of subsidy to be awarded to the community group.

Subsidy Level	**Assessment**	
0	0 = Poor	Little or no information available on the organisation or the activities/services to be provided
0	1 = Weak	Only minor detail is available and is not based on robust information or evidence
40%	2 = Moderate	There is a level of detail which enables understanding of acceptable projected community benefits from the activity or service to be provided
60%	3 = Strong	There is sufficient evidence to support the subsidy in relation to community benefit
80% - 100%	4 = Very Strong	The organisation has provided additional evidence which enables detailed understanding and establishes robust related community benefits

Standard Lease Values

Community groups and organisations which fall into these categories will pay the standard lease values presented in the table below.

Organisations paying these standard amounts will not be offered any further subsidy.

Type	Facility/Pitch
Bowling Club	£750 per green
Cricket	£750 per ground
Football	£750 per pitch
Golf	£750 per Ha
Rugby	£750 per pitch
Tennis	£350 per court
Athletics (non-synthetic)	£750 per pitch
Football Synthetic Pitch	To be determined on a case by case basis

BUILDINGS

Where a sports pavilion or other building is associated with the pitch, a standard charge will also be applied:

- £250 (small, less than 100m²)
- £500 (medium, 101m²-200m²)
- £750 (large, more than 201m²)

GROUND

For community organisations renting a ground area and where there is clear community benefit, the following standard charges will apply:

- £250 (small, less than 200m²)
- £500 (medium, 201m²-1000m²)
- £1,000 (large, more than 1001m²)

Where there is amenity land associated with the property and there is no other identified use for the land, there will be no further charge applied.