

Voluntary and Community Sector (VCS) Lettings Policy – Jan 2026

1. Objective

1.1 To demonstrate consistency and transparency in the relationship between the Council and a Voluntary and Community Sector (VCS) organisation where the Council is leasing property to a VCS organisation and a concessionary rent is requested.

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 Commercial accommodation - is office, retail, industrial or other premises which would normally be occupied and used by commercial occupiers.

2.3 Community accommodation – are Council assets where community activities are its primary purpose, e.g., Community Halls and Allotments

2.4 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. As demand can be limited this is at times a theoretical value only.

2.5 Community Asset Transfer' is where the Council transfers land or buildings into the ownership or management of a Voluntary and Community Sector (VCS) organisation.

3. Purpose and Scope of Policy

3.1 This policy should be read in conjunction with the Council's Property Asset Strategy, Disposals Policy and Community Asset Transfer Policy.

3.2 It covers Council owned premises where a lease to a VCS organisation of no more than 25 years is being considered and a concession has been requested. Where a lease has been granted or is requested for a period of 25 years or more, this shall be managed as part of the Community Asset Transfer Policy.

3.3 This policy does not apply to those premises that are deemed community assets and where a VCS organisation exists solely to manage that asset.

3.4 Neither does this policy apply to VCS organisations wishing to lease space in Swale House. This remains the operational base for Swale Borough Council and letting of parts of the building involve investment from the Council and an increase in Council costs relating to utilities and the management of the building. Given this, it is important that space is let on commercial terms, so as not be to the detriment of the Council's financial position.

4. Lettings (general principles)

4.1 The Council is subject to statutory requirements in the letting and disposal of property, in particular an overriding duty, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained. Therefore, the general principle for all lettings is that a tenancy/lease of premises will be based on current market value.

4.2 This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003. Within financial limits, this gives Councils wider powers to dispose of land and property at less than market value where it could be demonstrated that they promoted the economic, social and environmental well-being of the area.

4.3 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 cost, or opportunity cost, to the Council is not detrimental. VCS organisation must provide quantifiable benefits to the community and support the Council in delivering its Corporate Priorities.

4.4 All new leases will be granted outside the security of tenure provisions of the Landlord and Tenant Act 1954.

4.5 This policy can also apply to all organisations that have existing leases with the Council, as these come up for renewal or expire. Any lease being renewed will be subject to review, regardless of historical agreements.

5. Concessions

5.1 Principles

5.1.1 The award of any concession is discretionary. The principles set out below are to guide decisions.

5.1.2 A concession may be granted if there is a demonstrable benefit to the community and/or Council by the VCS organisation, supported by the Corporate Plan. An inability to pay full market rent (a funding gap), must also be demonstrated by the organisation.

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

5.1.3 A concession may be considered if a VCS organisation is already in receipt of funding from the Council but not where that funding already supports the occupation of premises.

5.2 Concession Application Process

5.2.1 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. Where these are not available, financial statements from an appropriate representative will be required. For a new organisation 12 months projected cash flow forecast is required.

5.2.2 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. This will be supported by an online form.

5.2.3 An appraisal will then be carried out by officers of the financial and non-financial 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.

5.2.4 If a VCS organisation wishes to appeal a decision made regarding a lease or a concession, this should be submitted in writing to the Council. It is expected that any appeal will present additional information or clarification that has a material impact on that decision.

5.2.5 The content of an appeal will initially be considered by the Head of Place. How confirmation (or otherwise) of the decision as to whether to award a concession will depend on the route through which the original decision on the concession has been made (see section 10).

5.3 Value of concessions

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

5.3.2 Where a concession is granted, the concession will be reviewed by Property Services in consultation with the Community and Partnership Team every two years or at the next rent review or lease renewal, whichever is sooner.

5.3.3 Where the lease is to a new organisation a review against its business plan and the projected cash flow forecast submitted will be carried out after the first 12 months.

5.3.4 The level of concession will be tiered, based upon the benefits of that VCS organisation leasing the property and its ability to pay. The maximum concession level to be granted will be 90% of the current market rent value of the property.

5.3.5 For the avoidance of doubt, for existing tenants benefiting from a concession, it is possible that when reviewed the level of concession granted may result in increased rent payments.

6. Repair & Maintenance

6.1 It will be a condition of lettings that the tenant takes full responsibility for repairs and decorations to the premises throughout the term of occupation.

7. Service Charges and Insurances

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

7.2 All lessees (tenants) will be responsible to pay all costs relating to service recharges, including utilities and insurances that are associated with their demise.

7.3 Concessions on service charges or recharges are not included within the scope of this policy. i.e. must be paid in full by all tenants for all premises where they are applicable.

8. Business Rates

8.1 All relevant business rates are payable by the occupier of the premises and will be charged directly to the occupier. Where the premises are occupied by a VCS organisation they may be entitled to claim rates relief. Registered charities and charitable organisations will be entitled to any applicable Mandatory Rate Relief and may be entitled to further 'top-up relief'. Please see the Council Tax and Business Rate Discretionary and Hardship Relief Policy for more details.

8.2 Tenants should make their own enquiries to establish if such any business rate relief applies to them.

9. Financial arrangements

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

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

10. Authority Delegation

10.1 New leases of less than 7 years or of a value less than £30,000 (market rent) per annum, will be approved under the delegated authority by the Head of Place.

10.2 For lettings of between 7 and 25 years or where the market rent is greater than £30,000 per annum it will be necessary to seek Committee approval.

10.3 The value thresholds for decisions set out above reflect the Council's current constitution and may be subject to change. This should be checked in the Scheme of Delegation prior to determining how a decision to let can be confirmed.

Appendix I – Rent Concession Application (for completion with organisation)

Application Information		
Premises Address:		
Market Rent at latest valuation and date:		
Organisation Name:		
VCS Registered Charity Number: (if applicable)		
Principal services to be offered:		
Proposed length of occupation:		
Supporting documents submitted: (applications cannot be progressed without these documents)	Viable Business Plan	
	copies of the last 3 years of audited accounts/ financial statements from an appropriate representative/ 12 months projected cash flow forecast are required (new organisation only)	
	Equalities and Diversity Policy	
	Safeguarding Policy	
	Prevent 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 – PASS/FAIL	
	Core funding is in place, but not sustainable or needed for growth of organisation to meet needs - PASS/FAIL	
	Awaiting confirmation of sufficient core funds – PASS/FAIL	

	Sufficient core funds not in place - PASS/FAIL	
Further Comments		
Does organisation qualify for a concession? (cannot fail any of qualifying criteria)	YES/NO	

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

Appendix II: Level of Concession Scoring Matrix

To be completed separately by at least two individual officers from Community and Partnerships Team and then moderated.

Item	Scoring Criteria	Justification	Score
<p>How does the organisation support the Council in meeting its corporate priorities, objectives and projects?</p>	<p>Strong evidence of support –20 Business plan or other documentation provided shows clear and demonstrable evidence on how this organisation helps the Council to meet many of its priorities, objectives and projects.</p>		
	<p>High evidence of support –15 Business plan or other documentation provided shows clear and demonstrable evidence on how this organisation helps the Council to meet at least one of its priorities, objectives and projects.</p>		
	<p>Some evidence of support –10 Business plan or other documentation provided shows to some extent how this organisation helps or could the Council to meet at least one of its priorities, objectives and projects, but demonstrable evidence is limited.</p>		
	<p>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.</p>		
	<p>No evidence – 0 No evidence provided within business plan or other documentation supports Council in meeting any of its priorities.</p>		
<p>How does the organisation benefit the Community in Swale?</p>	<p>Strong evidence of benefit – 20 Business plan or other documentation provided clearly evidences the benefits to the community by this organisation in Swale.</p>		

	<p>High evidence of benefit –15 Business plan or other documentation provided shows the benefits to the community by this organisation in Swale, but could be better evidenced.</p>		
	<p>Some evidence of benefit–10 Business plan or other documentation provided shows to some extent the benefits to the community by this organisation in Swale, but could be better evidenced.</p>		
	<p>Little evidence of benefit –5 Business plan or other documentation provided shows limited benefits to the community by this organisation in Swale.</p>		
	<p>No evidence of benefit – 0 Business plan or other documentation provided shows no benefits to the community by this organisation in Swale.</p>		
<p>What would the detrimental impact be on the Council if this organisation or some of its services was lost (including equality and diversity issues)?</p>	<p>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 Swale should this organisation/some of its services be lost.</p>		
	<p>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 Swale should this organisation/some of its services be lost.</p>		
	<p>Some impact –10 Business plan or other documentation provided shows that there would be some negative impact on the Council and community of Swale should this organisation/some of its services be lost.</p>		
	<p>Little impact –5 Business plan or other documentation provided does not shows that there would be a much of an impact on the Council and community of Swale should this organisation/some of its services be lost.</p>		

	No impact – 0 Business plan or other documentation provided does not provide any evidence of detrimental impact on Swale.		
Does the organisation currently receive core funding from the Council?	Please provide further details		
		TOTAL	