

Economy and Property Committee	
Meeting Date	29 January 2026
Report Title	Voluntary and Community Sector Lettings Policy
SMT Lead	Emma Wiggins, Director of Regeneration & Neighbourhoods
Head of Service	Joanne Johnson, Head of Place
Lead Officer	Kieren Mansfield, Strategic Programmes and Assets Manager
Classification	Open
Recommendations	1. That the draft Voluntary and Community Sector Lettings Policy (as at Appendix I) is adopted, subject to Members' views about the inclusion of Swale House.

1. Purpose of Report and Executive Summary

- 1.1 Swale Borough Council adopted a Voluntary and Community Sector (VCS) Lettings Policy in September 2013. Its aim was to provide transparency and consistency when providing accommodation to a VCS organisation and in which circumstances the organisation could apply for a concession in its rent.
- 1.2 Given the policy has been in place for some time and the Council has recently updated a number of related policies, including the Property Asset Strategy, Disposals Policy and Community Asset Transfer Policy, it was felt that a refresh would be beneficial, to ensure consistency with the wider policy framework.
- 1.3 A consultative draft was presented to the Economy and Property Committee on the 8th October, which Members approved for consultation. This report presents an updated draft of the VCS Lettings Policy, with amendments in response to the 8-week consultation, with a recommendation that the revised policy is adopted.

2. Background

- 2.1 Swale Borough Council consulted upon and adopted a VCS lettings Policy in 2013. The policy was intended to allow the Council to demonstrate transparency and consistency when providing accommodation to a VCS organisation. It set out the circumstances where an organisation could apply for a concession against its rent and the basis on which an assessment would be made to determine the level of discount that should be applied.

- 2.2 Whilst the Council owns a number of community property assets (the Property Asset Strategy identifies 53) and is landlord to a number of VCS organisations, the application of the policy has been limited. Many of the existing occupational agreements pre-date the policy and a number of assets used by VCS organisations have nominal market rent value and are occupied on a peppercorn rent.
- 2.3 The 2013 policy sat alongside the Council's overall Property Asset Strategy, the Community Asset Transfer Policy and the Disposals Policy. Given the length of time since the adoption of the existing VCS Lettings Policy and that the three accompanying policy documents have all been recently updated, it was considered a good time to refresh the VCS Lettings Policy.
- 2.4 A draft of a revised VCS Lettings Policy was approved for consultation by the Economy and Property Committee on the 8th October and the document was subsequently circulated, along with a link to a short, online questionnaire.
- 2.5 The consultation closed on the 17th December 2025 and a total of 33 responses were received. Responses were largely limited in detail but all respondents were supportive of the principle of concessionary rents to VCS organisations. A summary of the points that were raised and the officer response is set out below.

Consultation Responses	Response
Respondents agreed that the process should assess the true benefit to community of the organisation receiving a rent concession.	Officers feel the process as set out (and reflecting that already in place) provides a fair assessment of community benefit. Consequently, no change has been made to the draft policy.
Concern regarding the maximum discount level, and that any discount should be capped at 50%.	Whilst 90% does reflect a generous discount, this should be reserved for those organisations providing the greatest benefit. The scoring thresholds have been amended to set a higher bar, for highest levels of discount.
The concession application process should be revised to make provision for organisations that MAY help the Council meet its strategic objectives and projects, rather than those that will.	The inclusion of "may help" introduces an additional degree of subjectivity. The application process should be able to identify quantifiable alignment with the Council's priorities as set out at Appendix II. There is an opportunity for organisations to have any concession decision reviewed through appeal. The draft policy also makes provision for new organisations. Consequently, no change has been made to the draft policy.
There should be explicit provision for easy in, easy out terms for VCS organisations, which take account of unforeseen circumstances. This is a form of	The terms of occupation can be negotiated in advance of the concession application, which where appropriate could include easy-in, easy out terms for an organisation.

occupation agreement that limits liabilities by allowing short-term occupation, with limited notice quit from a property.	Consequently, no change has been made to the draft policy.
Concerns expressed about the time to produce the required documentation to support the application process, especially where organisations are volunteer run.	Whilst the challenges of resourcing faced by volunteer led organisations is understood, the documentation required supports the need to demonstrate quantifiable benefit and an inability to pay the full rent, which is required by the policy. This also reflects a level of due diligence that would be a norm for funders of VCS organisations and activity. Whilst no change has been made to the draft policy, officers should look to not over complicate requests for information and advise as required.

- 2.6 Of the 33 responses received 21 indicated concerns that Swale House was excluded from the VCS lettings policy. These comments were focused around existing tenants meeting their current and future accommodation needs.
- 2.6 Swale House was excluded from the CVS lettings policy in both the 2013 policy and the updated consultative draft on the basis that letting of parts of the building will involve investment from the Council and an increase in Council costs relating to utilities and the management of the building. Given this, it is the view that it is important that space is let on commercial terms, so as not be to the detriment of the Council's financial position. This also reflects the position taken in the adopted Property Asset Strategy.
- 2.7 There is no current means to separately meter utilities for other occupiers of Swale House and parts of the building are not separately rated for Non-Domestic Rates. All of the costs for these fall on Swale Borough Council, alongside any additional management costs (security, cleaning, etc.). Nor is there sufficient IT capacity in the building to allow substantial additional occupation without investment, which would entail capital expense and ongoing revenue costs., including IT support which cannot be provided through Mid-Kent Services.
- 2.8 The rental income budget for Swale House is currently £68,210 with total rental income currently forecast for 2025/26 at circa £58,000.
- 2.9 It should be noted that interest in space at Swale House from commercial occupiers has been limited, reflecting a wider market sentiment for office space, reported by the Council's appointed agents. As such, there remain significant parts of the first floor that remain vacant, albeit these were used as additional meeting space during the period of the Highsted planning inquiry.
- 2.10 If the Council were to include Swale House, then there would be financial implications. If it attracted additional tenants at significantly below market rent

this would add to the overall costs of the operation and management of Swale House, whilst also potentially reducing income, through the possibility of discounts for existing tenants and the opportunity cost of letting space at a significantly discounted rate, should commercial tenants become interested in the space. If there were a change in market conditions and increased commercial demand, then income could be increased significantly e.g. a further 5,000sq ft let at the asking commercial rent could raise up to an additional £100,000 per annum. Around 50% of this is assumed to help cover the additional overheads relating to utilities and the management of the building.

2.11 If Members were supportive of including Swale House within the scope of the policy, to help protect the Council's wider financial position and avoid the letting becoming a potential drain on resources, it is suggested that the following conditions could be considered.

- a) Any discount is explicit and recorded as support for that organisation in future reporting to Members around budget considerations
- b) Calculations would need to be based on assumed market rent.
- c) Any discount would only apply to the rent element, with a minimum of £10 per square foot seen as, in effect, a service charge not eligible for discount, to cover overheads that fall on the Council (utilities, rates, insurance, management and maintenance of the building).
- d) Investment for all improvements (inc. required IT provision) would need to come from the tenants
- e) Parking spaces at Swale House could be chargeable, based on sq. footage occupied.
- f) All operations would need to conform to the Council's usual operation of Swale House i.e. no specific arrangements to be made for the management of the building

3. Proposal

3.1 That the draft Voluntary and Community Sector Lettings Policy (as at Appendix I) is adopted, subject to Members views about the inclusion of Swale House.

4. Alternative Options

4.1 Do not approve the updated the policy for adoption, or make further changes to its content. This is not recommended. The reports sets out the consideration of the issues raised, balanced against the Council's Property Asset Strategy.

4.2 Office space at Swale House is included within the scope of the VCS Lettings Policy. This is not recommended. If this were the case then there are potential financial implications both in terms of the potential for discounts for existing tenants (which may be potentially eligible for consideration) and the opportunity cost of not securing full commercial rent on any space, subsequently let which is subject to a VCS concession on rental payments.

5. Consultation Undertaken

- 5.1 With the approval of the Economy and Property Committee, an 8-week consultation on the draft policy was undertaken. This was promoted through a range of methods. A webpage for the consultation was created on the Swale Borough Council website, with a link to a survey on Microsoft Forms. A paper version of the survey was also made available in case residents or organisations preferred to respond in this way. A media release about the consultation was sent to the press, and it was also promoted on social media where it reached just over 2000 people. It was also circulated to a number of Council mailing lists. These included a list of over 100 voluntary and statutory organisations and localised networking groups, who have a wide reach in the community. It was included three times in the Council's regular newsletter which reaches the mailbox of 2359 people. A story was included as well in the Swale Means Business newsletter which reaches 1,790 contacts.
- 5.2 The item was also included in internal emails such as the members' weekly, so that councillors were aware of the details. Parish and town councils were also notified separately by email about the consultation.

6 Implications

Issue	Implications
Corporate Plan	The Council's Corporate Plan 2024-2027 identifies a priority under the Community section to "work in partnership with the local towns and parishes and voluntary sector on our community assets." A refreshed VCS Lettings Policy will support this as part of the wider suite of relevant policies which have been recently updated. The policy also supports the priority of Running the Council, working within our resources to proactively engage with communities and outside bodies to deliver in a transparent and efficient way.
Financial, Resource and Property	The draft document seeks to provide the Council with a level of discretion that allows its application to be considered against the need to protect the Council's wider financial position, both in respect of foregone income and opportunity cost. It also increases the thresholds for the application of concessions, which would provide indirect financial support to those VCS organisations making the biggest positive impact locally and against the Council's priorities. If the Council were to include Swale House, then there would be financial implications. If it attracted additional tenants at significantly below market rent this would add to the overall costs of the operation and management of Swale House, whilst also potentially reducing both current and potential income, through the

	possibility of discounts for existing tenants and the opportunity cost of letting space at a significantly discounted rate, should commercial tenants become interested in the space in the future. If there were a change in market conditions and increased commercial demand, then income could be increased significantly e.g. a further 5,000sq ft let at the asking commercial rent could raise up to an additional £100,000 per annum. Around 50% of this is assumed to help cover the overheads relating to utilities and the management of the building.
Legal, Statutory and Procurement	None are identified at this stage. A concession can be requested and considered within the terms of the policy and the lease agreement will need to reflect this and requirement for review every two years or at lease renewal or rent review, whichever is sooner. This can apply to existing leaseholders and may require amendments to an existing lease.
Crime and Disorder	None identified at this stage
Environment and Climate/Ecological Emergency	None identified at this stage
Health and Wellbeing	None identified at this stage.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage
Risk Management and Health and Safety	None identified directly arising from this report.
Equality and Diversity	None identified at this stage
Privacy and Data Protection	None identified at this stage.
Local Government Re-organisation	Any future arrangements for Swale House in particular. is an uncertainty that needs to be accounted for in considering investment in the building and new occupational agreements for other organisations e.g. length of any tenancy.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Draft Voluntary and Community Lettings Policy
- Appendix II: Level of Concession Scoring Matrix

8 Background Papers

- 8.1 8th October 2025, VCS lettings Policy, draft for consultation, report to Regeneration and Property Committee
- 8.2 4th November 2023, Property Asset Strategy, report to Regeneration and Property Committee
- 8.3 11th September 2013, Voluntary and Community Lettings policy, report to Swale Cabinet

Appendix I. Draft Voluntary and Community Sector (VCS) Lettings Policy

1. Objective

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

2. Definitions

- 2.1 Voluntary and Community Sector (VCS) organisation - A VCS organisation is a charitable body or voluntary body, 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 (CAT) is where the Council transfers land or buildings into the ownership or management of a 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 its management. 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. A VCS organisation must provide quantifiable benefits to the community and support the Council in delivering its Corporate Priorities.
- 4.3 All new leases will be granted outside the security of tenure provisions of the Landlord and Tenant Act 1954.
- 4.4 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 priorities 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 organization.
- 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, considering 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

- 9.1 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.

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
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 to meet many of its priorities, objectives and projects.		
	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.		
	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.		
	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 Swale?	Strong evidence of benefit – 20 Business plan or other documentation provided clearly evidences the benefits to the community by this organisation in Swale.		
	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.		
	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.		
	Little evidence of benefit –5 Business plan or other documentation provided shows limited benefits to the community by this organisation in Swale.		
	No evidence of benefit – 0 Business plan or other documentation provided shows no benefits to the community by this organisation in Swale.		

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 Swale 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 Swale 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 Swale should this organisation/some of its services be lost.		
	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.		
	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	

Level of Concession Rates

Concession Rate	Score
90%	☐ Score of 55-60
75%	☐ Score of 45-50
50%	☐ Score of 25-40
25%	☐ Score of 15-20

Conclusion

Level of Concession granted to organisation:	☐ 90% ☐ 75% ☐ 50% ☐ 25% ☐ 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: Must be approved by Head of Housing and Community Services	
Authorised Signatures:	