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**CEASE RENT SUPPORT TO DARLINGTON ASSOCIATION ON DISABILITY**

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**Responsible Cabinet Member – Councillor David Lyonette, Transport Portfolio**

**Responsible Director – Richard Alty, Director of Place**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek Member approval to reduce the rent subsidy to Darlington Association on Disability (DAD) in line with the approach introduced for other third sector organisations.
2. To seek Member approval to negotiate a lease agreement between the Council and DAD for 22-24 Horsemarket, Darlington.

**Summary**

3. As part of the Medium Term Financial Plan (MTFP) considerations in 2011, the Council agreed to reduce to zero rent subsidy for a number of third sector organisations over a period of four years.
4. Darlington Borough Council has an existing contract with Darlington Association on Disability for the provision and funding of the Shopmobility service, which operates from 22-24 Horsemarket, Darlington. This contract comes to an end on 31 March 2012.
5. As from 1 April 2012, it is proposed to adopt the same approach as for other organisations and reduce the level of rent subsidy provided on a phased basis over the 4 year term of the MTFP.
6. As DAD has not previously paid rent for these premises, the Council will need to negotiate a lease arrangement with DAD commencing on 1 April 2012. The terms of the lease arrangement will be the subject of a future Cabinet report.
7. Members' attention is drawn to the equality impact assessment and the impacts that have been identified through consultation as a consequence of implementing this proposal. Cabinet are therefore being recommended to consider the impact of the decision within the context of the Council's wider budget strategy.

## **Recommendations**

8. It is recommended that:-
- (a) Members support the phased reduction of rent subsidy to Darlington Association on Disability, to be consistent with the approach taken in the 2011 MTFP to other voluntary organisations, on the following basis:
    - (i) 90% in year 1
    - (ii) 75% in year 2
    - (iii) 50% in year 3
    - (iv) 0% in year 4
  - (b) Subject to the approval of the MTFP at Council, the Director of Resources be authorised to negotiate terms for a lease of 22-24 Horsemarket to Darlington Association on Disability with basic terms to be reported to a future meeting of Cabinet on the Schedule of Transactions.
  - (c) The Borough Solicitor be authorised to complete a new lease agreement.

## **Reasons**

9. The recommendations are supported by the following reasons:-
- (a) To provide an appropriate period of time for DAD to review their Business Plan and introduce new financing arrangements to sustain the use of these premises in the longer term.
  - (b) To achieve the necessary savings required to meet the expectations of the MTFP.
  - (c) To ensure that all third sector organisations located in council owned buildings are treated equitably.
  - (d) To ensure that an appropriate lease agreement is in place for 22-24 Horsemarket, Darlington to sustain the service provided by DAD.

**Richard Alty**  
**Director of Place**

## **Background Papers**

- (i) Medium Term Financial Plan, Cabinet, 22 February 2011
- Medium Term Financial Plan, Council, 3 March 2011

Sue Dobson : Extension 2277  
cc

S17 Crime and Disorder	None.
Health and Well Being	None anticipated, because of the negotiated phased withdrawal of rent subsidy support to DAD.
Carbon Impact	None.
Diversity	None anticipated, because of the negotiated phased withdrawal of rent subsidy support to DAD.
Wards Affected	All
Groups Affected	Disability Groups.
Budget and Policy Framework	The budget savings are included in the 2012-2015 MTFP proposals being presented to Council on the 1 March 2012.
Key Decision	Yes
Urgent Decision	Yes
One Darlington: Perfectly Placed	No implications
Efficiency	No new implications

## MAIN REPORT

### Information and Analysis

10. Historically, a number of third sector organisations based in Council owned property have not paid full commercial rent. The amount of rent subsidy has varied between different third sector organisations and the Council with some organisations paying nothing at all. Last year the Council agreed to the removal of rent subsidy from a number of third sector organisations as part of the Medium Term Financial Plan. This approach was introduced to remove inequalities in the existing rent subsidy system and to achieve savings as part of the 4 year MTFP. Any future contracts with third sector organisations would be on the basis of 'full cost recovery' i.e. would include the additional 'on costs' associated with the operation of such a contract including a part or all of rent payments.
11. However, this approach was not implemented for Darlington Association on Disability on 1 April 2011 for the premises at 22-24 Horsemarket, Darlington, as this would have been in conflict with existing contractual arrangements. The end of the existing contract between the Council and DAD finishes on 31 March 2012. On the ending of the current contract between the Council and DAD, there is an opportunity to implement a phased reduction of the rent over a 4 year period, and, negotiate new lease arrangements for DAD to continue to occupy 22-24 Horsemarket.

### Financial Implications

12. The proposals outlined in this report suggest that the Council reduce their rent subsidy contributions to DAD over the 4 year period of the MTFP. The proposal to be implemented on 1 April 2012 will mean that the Council will collect 10% of the full rental value of 22-24 Horsemarket from DAD in 2012-13, 25% of full rental value from DAD in 2013-14, 50% of full rental value from DAD in 2014-15, and the full rent from 2015-16.
13. The outcome of the implementation of the approved rent subsidy policy for DAD is that in 2012/13 DAD will be required to pay the Council £2.6k towards the rent for the premises, rising to £26k in 2015/16 i.e. 100% of the commercial rate.

### Outcome of Consultation

14. Only one specific comment has been made in relation to this proposal in the overall discussions on the budget proposals. A number of people have expressed their support for DAD and the services it offers. The impact of the removal of Shopmobility has received a number of comments and impacts have been raised.
15. Discussion has taken place with DAD themselves and potential impacts have been explored and there could be relocation of some services longer term. This will depend on the internal business plans of DAD and support will be offered to explore other options if requested to do so.
16. A Disability Equality Impact Assessment and Equality Impact Assessments are **attached** to this report.

## Disability Equality Impact Assessment Questionnaire

<b>Policy/Service/Change being assessed: Cease rent support to DAD</b>	<b>Department: Place</b>
<b>Person Responsible for Assessment: Mary Hall</b>	<b>Date of assessment: 27 January 2012</b>

### **Brief description of service and to whom provided/available:**

The Council agreed last year to move all voluntary sector organisations to a commercial rent basis. A number of third sector organisations are based in Council property and the rents they pay had been set historically. Some organisations paid full commercial rent, but DAD had a rent subsidy linked into the shop mobility contract. Whilst phasing out this subsidy over time will provide savings, the key reason for doing so is that it will put in place a fairer system to all of the sector, not just those in our buildings, but across the sector as a whole. **Removing rent subsidy will be at a phased rate of 10% in year 1, further 15% in year 2, a further 25% in year 3 and complete removal in year 4. This will remove £28k rent subsidy from DAD by 2015/2016 commencing with £2,800 in 2012/13, £6,500 in year two £12,000 in year 3 and total removal in year 4. This is phased at the same rate that other voluntary sector rents were phased following agreement of last years cabinet paper.**

Mitigation will be through robust implementation of 'full cost recovery' for contracts in the future which is a Compact principle. It is proposed to remove rent subsidy over a period of four years to allow for full cost recovery to be implemented on a contract-by-contract basis. It will also allow time for the

### **Introduction**

This template should be used with the Disability Equality Scheme 2006-2009. Completing this template without following the rest of the disability equality impact assessment process outlined in the Scheme does not comprise a disability equality impact assessment.

If, after reading the guidance, you require further information on how to implement the assessment, please contact David Plews, Policy Advisor (Social Inclusion) on 01325 388023.

Q.1 Is your service/policy/change accessible to all disabled people? Bear in mind any economic, social, environmental, physical, intellectual, cultural, linguistic, technological or other barriers.

Issue	Yes	No	If yes, what evidence do you have to demonstrate this?	If no, what do you plan to do to remove barriers to access?
Physical or mobility impairment	X		<p>DAD supports disabled people in Darlington and has just over 3000 members The impact of withdrawing this service would be that DAD may need to review whether they can stay in their current town centre premises. DAD do rent other premises but these are not in the town centre although they are in accessible buildings. It may be however that some people would need transport to access them</p> <p>As the changes are phased it allows DAD time to review their internal business plan and also allows for full cost recovery to be built into any future contracts.</p> <p>A meeting was held with DAD last year to discuss the possible changes to rent as the shopmobility contract was at that stage under review. A further meeting has been held this year and the potential issues have been explored but further discussions will take place during the year as the changes to rent are implemented.</p>	
Sensory impairment			See above	
Learning disability or mental impairment			See above	

Issue	Yes	No	If yes, what evidence do you have to demonstrate this?	If no, what do you plan to do to remove barriers to access?
Other disabilities and health conditions covered by the DDA 2005 (eg. diabetes, HIV, multiple sclerosis, depression and cancer)			See above	
Any other disability issue (e.g. frail/vulnerable people, people with mild impairments who do not perceive themselves as disabled, people with multiple impairment)			See above	

**Q.2 (a) For whatever reason, does your service treat any group of disabled people differently from its other service users?**

Yes

x

No

If you have answered 'yes', please specify those individuals or groups affected and whether the impact has the potential to be adverse.

All consultation activity aims to be accessible to all groups.

**(b) What needs to be done to prevent any potentially adverse impact?**

Work on developing services for older people and disabled people needs to ensure that they consult with older people and disabled people and build in principles to ensure consultation takes place through a range of forum and engagement methods.

**Q.3 (a) Do you promote disability equality within your service? (e.g. through departmental equalities group, innovative marketing or community engagement techniques)**

Yes

No

**If you have answered 'yes', please give examples of how equality is promoted.**

Yes

Work is ongoing to include DEIA in the impact assessment process to comply with the legal duty of the Council as a public body

**(b) Do you promote positive attitudes towards disabled people? (e.g. through customer care training, cultural issues awareness training, the use of images of disabled people in your publicity material)**

Yes

No

**If you have answered 'yes', please give examples.**

See above



**Q.4 Are there any plans in place within your Service to promote disability equality more effectively?**

Yes  
No

✓

**If yes, please outline what you intend to do (including details, if known, of timescales and areas to be covered, etc.)**

Service planning will support the use of equality impact assessments when service planning and as part of any future consultation and service review.

Issues raised through impact assessment include the risk of not being able to access services from DAD if DAD relocates. Work will continue to look at full cost recovery for activity and ongoing discussions with DAD will take place in year to reduce risk.

## EQUALITY IMPACT ASSESSMENT

<b>STRATEGY/ACTION:</b> Cease DAD rent support	<b>Department:</b> Place
<b>Person responsible for assessment:</b> Mary Hall	<b>Date of assessment:</b> January 2012
<b>Person responsible for strategy where different from above:</b> John Anderson	

Brief description of strategy, partners and those who will be affected by its delivery:

The Council agreed last year to move all voluntary sector organisations to a commercial rent basis. A number of third sector organisations are based in Council property and the rents they pay had been set historically. Some organisations paid full commercial rent, but DAD had a rent subsidy linked into the shop mobility contract. Whilst phasing out this subsidy over time will provide savings, the key reason for doing so is that it will put in place a fairer system to all of the sector, not just those in our buildings, but across the sector as a whole. **Removing rent subsidy will be at a phased rate of 10% in year 1, further 15% in year 2, a further 25% in year 3 and complete removal in year 4. This will remove £28k rent subsidy from DAD by 2015/2016 commencing with £2,800 in 2012/13, £6,500 in year two £12,000 in year 3 and total removal in year 4. This is phased at the same rate that other voluntary sector rents were phased following agreement of last years cabinet paper.**

Mitigation will be through robust implementation of 'full cost recovery' for contracts in the future which is a Compact principle. It is proposed to remove rent subsidy over a period of four years to allow for full cost recovery to be implemented on a contract-by-contract basis. It will also allow time for the

### **Introduction**

This is a generic document that will require interpretation in particular circumstances. If, after reading the guidance, you require further information on how to implement the assessment, please contact Peter Roberts, Social Enterprise Development Manager  
01325 388713

**Q.1 Is your strategy and the actions it proposes accessible to everyone within the community? Bear in mind any economic, social, environmental, physical, intellectual, cultural, linguistic, technological or other barriers.**

Issue	Yes	No	If yes, what evidence do you have to demonstrate this?	If no, what do you plan to do to remove barriers to access?
Equality Act 2010 Protected characteristics:				
Age	√		The proposal will not have a specific impact on other protected characteristics except for the possible reduction of access to information if the services are re-located to other areas. This impact will depend upon the options that DAD make linked to their business planning but the local authority will work with them if requested to do so to explore other options.	
Disability	√			
Gender reassignment	√			
Pregnancy and Maternity	√			
Race	√			
Religion or belief	√			
Sex	√			
Sexual orientation	√			
Marriage and Civil Partnership	√			
Local Priorities:				
Geographical impacts	√			
Carers		√		
Young People leaving care		√		
Gypsies & Travellers		√		

Issue	Yes	No	If yes, what evidence do you have to demonstrate this?	If no, what do you plan to do to remove barriers to access?
Refugees & Asylum Seekers		√		
Unemployed or low income	√			
People with spent criminal convictions		√		

**Q.2 (a) For whatever reason, does your strategy and the actions it proposes treat any group differently from others?**

Yes	
No	√

**The strategy associated with this service area does not treat any group differently apart from disabled people and a DEIA has been completed for this protected characteristic.**

If you have answered 'yes', please specify those individuals or groups affected and whether the impact has the potential to be adverse.

Not applicable

**(b) What needs to be done to prevent any potentially adverse impact?**

Partnership working to look at options for information sharing elsewhere in the town and in other locations.

**Q.3 (a) Does your strategy promote equality? (e.g. does it contain actions that demonstrate a consideration of community cohesion and the needs of the members of Darlington’s diverse communities).**

Yes	√
No	

*If you have answered ‘yes’, please give examples of how equality is promoted.*

This brings subsidy for DAD in line with that of other organisations in the voluntary and community sector..

**Q.4 In the past three years, have you consulted with any of the following groups regarding the development of your strategy?**

Group	Yes	No	If yes, please summarise evidence (Who? When? What were the outcomes?)	If no, are you satisfied that the strategy has no impact on this group?
Age	√		<p>This service area was also subject to a budget proposal in 2010/2011 financial year and was widely consulted.</p> <p>Consultation events have taken place as part of the 2011/2012 MTFP budget consultation events, these include;</p> <ul style="list-style-type: none"> <li>• Public consultation events specifically targeted for disabled, young people and older people</li> <li>• Town Crier publications</li> <li>• Online forums</li> <li>• Talking Together Events</li> <li>• Staffing road shows and internal communications to employees</li> <li>• Attendance at local community groups and action groups (i.e. DAD)</li> </ul>	
Disability	√			
Gender reassignment	√			
Pregnancy and Maternity	√			
Race	√			
Religion or belief	√			
Sex	√			
Sexual orientation	√			
Marriage and Civil Partnership	√			
Geographical impacts	√			

Group	Yes	No	If yes, please summarise evidence (Who? When? What were the outcomes?)	If no, are you satisfied that the strategy has no impact on this group?
Carers	√			
Young people leaving care	√			
Gypsies & Travellers	√			
Refugees & asylum seekers	√			
Unemployed or low waged	√			
People with spent criminal convictions	√			