

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

**REPORT OF THE ASSISTANT DIRECTOR OF CUSTOMER
SERVICES AND PARTNERSHIPS**

Report prepared by Ian Park

Date Issued: 25 June 2009

1. TOWN CENTRE YOUTH VENUE PROJECT

1.1 Issue for Decision

- 1.1.1 To consider a revision of the decision made by the Cabinet Member for Corporate Services on 21st December 2007 in order to a) widen the use of the office accommodation on the first floor of 34a High Street Maidstone (Switch Youth Café) to permit lettings to commercial organizations; and b) alter the terms under which notice may be given by either side. This report is also being sent to the Cabinet Member for Community Services who has overall responsibility for youth matters, for her to note.

1.2 Recommendation of the Assistant Director of Customer Services and Partnerships

- 1.2.1 It is recommended that the Cabinet Member for Corporate Services approve the letting of office space on the first floor at the Switch Youth Café to any organization at the discretion of the Youth Café Trust, subject to a) guidelines in the tenancy agreement between the Borough Council and the Trust outlining inappropriate interests, and b) an annual review of the level of the Council's investment in the café in the light of commercial income to the Café charity from this source and in the outcome of the lottery bid.

- 1.2.2 It is also recommended that the right of either side to terminate the lease at any time be changed from 3 months' notice to 6 months' notice.

1.3 Reasons for Recommendation

- 1.3.1 This report follows on from the decision made on 21 December 2007 by the Cabinet Member for Corporate Services as a result of a report into the Town Centre Youth Venue Project. Since that time a number of issues related to the decision have been settled; the Café has gained planning permission (reference MA/08/1156); the Youth Café

is a registered charity (reference number 1127568); the Council will maintain responsibility for the fabric of the building and for buildings insurance in respect of it. However two elements in that decision need to be reported back to the Cabinet Member, in order to obtain approval to change them.

- 1.3.2 The original report to the Cabinet Member for Corporate Services on 21st December 2007 set out the vision for the Town Centre Youth venue (Switch Youth Café);

'This project will renovate and develop a town centre youth venue at the Council owned building 34a High Street. The project will be run by the Maidstone Youth Forum Charity. The venue will comprise a café, meeting space and **rentable rooms for organisations and activities focused on youth**, with a small business or social enterprise running the café to ensure sustainability'. (Bold lettering is not used in the original document but has been added here to highlight the relevant phrase)

- 1.3.3 In the subsequent development of the Switch Youth Café Project a separate Charity has been formed to deliver the Youth Café called the 'Maidstone Youth Café Trust'. When exploring the long term financial sustainability and viability of the entire project with particular reference to the current economic climate, consideration has been given to expanding the number of organisations the Maidstone Youth Café Trust can invite to let the office space on the first floor beyond those delivering purely Youth Services, in order to enable any commercial business or organisation that can pay rent to let, subject to guidelines in the tenancy agreement outlining inappropriate interests. Letting will be done formally, contracted out of the security of tenure provisions of the 1954 Act and in accordance with the landlord's prior consent, the Council being the landlord.

While the Trust will seek to let those offices to other charities or organisations with similar aims to it, the right is being sought to let out the offices to out-and-out commercial enterprises, (for example to an accountant working on his/her own), and this is what the Solicitor working on behalf of the Trust is anticipating.

- 1.3.4 Broadening the scope to include commercial organisations would have a number of advantages set out below:

- (i) By increasing the number of organisations that the youth café Trust can market the office space to would increase the potential uptake on the space and subsequent rental income.
- (ii) By enabling commercial letting a 'graded scale' of let could be introduced with commercial businesses paying a higher rate

than 'not for profit organisations' which will provide a further option when considering the long term financial viability of the Youth café.

- (iii) If the office space is open to all appropriate organisations regardless of commercial or 'not for profit' status there is less likelihood of the offices remaining empty for long periods of time at the end of a rental agreement.

1.3.5 The Cabinet Member decided on 21 December 2007 that

" Either side should have the ability to give 3 month's notice to terminate the lease at any time."

It is now considered that future funding opportunities open to the Charity, and hence to the overall commercial viability of the Charity would be better advanced by a longer notice period while continuing to protect the Council's interests.

1.4 Alternative Action and why not Recommended

- 1.4.1 The original decision restricts the letting of space to youth organisations. This would potentially constrain income to the Switch Youth Café and subsequent be a risk to its long term viability. This could also jeopardize the match funding associated with any Big Lottery award that the project may be in receipt of if successful in its recent bid. The ability of the Council to terminate the lease at 3 month's notice could jeopardize the chances of the Charity gaining future external grant funding as funders are likely to wish to see tenancy security beyond this period .

1.5 Impact on Corporate Objectives

- 1.5.1 There is no additional impact beyond the previous report submitted in December 2007.

1.6 Risk Management

- 1.6.1 The following risks are identified along with actions to mitigate these risks:
 - (i) No increase in interest in renting the office space above the Youth café following the amendment to the lease. The rates to let would be very competitive with comparable office space within that central Maidstone location and widening the market for letting reduces the financial risk to the overall project.

- (ii) An inappropriate business occupies the offices above the Youth café. The Maidstone Youth Café Trust will not let to any third party that will conflict with young people's interests or to any organisation deemed inappropriate to the aims of the Youth Café or to its Landlord, Maidstone Borough Council. Clear guidance will be established in the tenancy agreement between Maidstone Borough Council and the Switch Youth Café Trust defining inappropriate interests.
- (iii) An external grant awarding body turns down an application from the Charity on the grounds that the Charity only has three month's security of tenure. This is mitigated by the Council relinquishing its right to give such notice.

1.7 Other Implications

1. Financial	X
2. Staffing	
3. Legal	
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

1.8 Financial and Asset Management

- 1.8.1 The increased opportunity to raise a regular income stream will improve the viability of the Maidstone Youth café and reduce the risk of failing financially and the building being passed back to Maidstone Borough Council.

1.10 Background Documents

1.10.1 Town Centre Youth Venues Project Maidstone Borough Council Record of Decision of the Cabinet Member for Corporate Services 21st December 2007.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes ☐ No ☒

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes ☐ No ☒

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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