

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

**REPORT OF THE ASSISTANT DIRECTOR OF ENVIRONMENT
AND REGULATORY SERVICES**

Report prepared by David Tibbit

Date Issued: 24 December 2010

1. SUB-LEASE FOR KENT SAVERS

1.1 Issue for Decision

1.1.1 To consider a sub-lease of an area of office space within Maidstone House to Kent Savers.

1.2 Recommendation of The Assistant Director of Environment and Regulatory Services

1.2.1 That the Cabinet Member agrees to grant a sub-lease of an area on the first floor of Maidstone House to Kent Savers.

1.2.2 That the Property & Procurement Manager prepares draft Heads of Terms for a sub-lease to include the following clauses:

- That the term of the sub-lease does not exceed the length of the lease between the Council and its landlord;
- That there will be no rent payable up to and including 31st March 2012, or until the Credit Union is fully established, whichever is the earlier;
- That the rent free period is granted in consideration of services to be provided by Kent Savers under a Service Level Agreement;
- That the rent payable from 1st April 2012 will be consistent with the occupational cost of Maidstone House to the Council
- That the sub-lease includes a break clause at the end of the first year, every two years thereafter and one to coincide with the break clause in the lease between the Council and its landlord;
- That the break clause at the end of the first year will be triggered by the Council if Kent Savers do not fulfill their obligations under the Service level Agreement;
- That the sub-lease is contracted out of the Landlord and Tenant Act 1954.

1.2.3 That the Head of Legal Services be instructed to prepare the sub-lease based upon the Heads of Terms prepared by the Property & Procurement Manager.

1.3 Reasons for Recommendation

1.3.1 Kent Savers is a Credit Union regulated by the Financial Services Authority who run on a not for profit basis and provide safer and cheaper loans than other money lending sources and promote saving. They currently occupy office space within Gravesend, but have recently been given notice to quit by their landlord and are now looking for alternative, more centrally located accommodation.

1.3.2 An ideal opportunity has arisen to re-locate Kent Savers to an area on the first floor of Maidstone House created by more efficient working practices and use of office accommodation by parking services and the contact centre.

1.3.3 Relocation to offices in Maidstone House will enable Kent Savers to promote their operation to a wider Kent audience from a centrally based location in Kent and through the Maidstone Gateway and enable a certain amount of growth that is expected to follow. It also enables the Council to make more efficient use of its office accommodation.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could charge a full rent from the commencement of the lease, however, this would be unaffordable for Kent Savers in the first year and is not recommended. A Service Level Agreement requiring certain specified services in return for the accommodation for the initial period is considered more appropriate.

1.5 Impact on Corporate Objectives

1.5.1 The proposal assists in the provision of value for money services through more efficient use of Council buildings.

1.6 Risk Management

1.6.1 The main risks associated with the proposal are:

- Overhearing or viewing of confidential information. This will be managed, initially, by the provision of fabric covered screens around the area and the provision of secure storage cupboards.
- Network security breach. The IT section is making arrangements with Kent Savers to ensure security of the Council's and Kent Savers' networks.

- Kent Savers may not be a viable long term operation. The sub-lease will contain suitable break clauses.

1.7 Other Implications

1.7.1

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

1.7.2 Financial – The full rent will contribute approximately £20,000 per year to the office accommodation budget. The initial rent free period will be covered by an internal transfer of accommodation costs from the community partnerships budget.

1.7.3 Legal - A contracted out business lease will be prepared by legal services.

1.7.4 Asset Management – This enables a more efficient use of space in Maidstone House.

1.8 Relevant Documents

1.8.1 There are none.

IS THIS A KEY DECISION REPORT?

Yes

No

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

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This is a Key Decision because:

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Wards/Parishes affected:

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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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