

WEST DUNBARTONSHIRE COUNCIL

Report by Director of Housing, Regeneration and Environmental Services

Community Safety and Environmental Services Committee – 3 May 2006

Subject : Knowes Café at Skypoint, Faifley

1. Purpose

- 1.1** To advise the Committee on the financial performance 2005/2006 of the Knowes Café at Skypoint, Faifley and to seek Committee approval for continuation of rent-free status for the Knowes Café in 2006/2007.

2. Background

- 2.1** Following consideration of the report “Skypoint, Faifley and Knowes Café” at the Council meeting of 29 June 2005, it was decided that no rent should be levied for the use of the café for the period October 2004 to March 2006. The Council reserved the right however to receive a contribution should the café exceed its forecast income outturn, such payment to be negotiated between officers of the Council and the Knowes Housing Association.

3. Main Issues

- 3.1** The Skypoint centre is managed by the Council on a nil budget basis. This was achieved in financial year 2004/2005 and has been achieved in 2005/2006. Following the Council’s rescue of the centre in January 2004, it was agreed that the café would not be charged for premises in the first half of 2004/2005, this to assist the café in re-opening under the new management of Knowes Housing Association.
- 3.2** As previously referred to, Knowes Housing requested that the rent free occupation of the café be extended to the second half of 2004/2005 and also to cover 2005/2006, this to assist in balancing the budget of the café and help ensure its continuation. The value of the six months rent is £4,500 for 2004/2005 while the rental value for 2005/2006 is just over £9,000, adjusted for inflation.
- 3.3** The 2005/2006 draft budget for the café prepared by Knowes Housing projected a year-end deficit of £7,162. At a recent meeting between Council officers and the finance officer of the Knowes Housing Association, it was reported that the projected outcome 2005/2006 for the Knowes Café is a deficit of £7,463. There is no likelihood therefore of receiving whole or part payment of rent for 2005/2006.

- 3.4** In financial year 2006/2007, it is projected that the budget outturn for the Knowes café will be a deficit of £4,950, this based on the Council's continuation of allowing occupation of the café premises on a rent free basis. Should the Council require rental payments for café premises, this would substantially increase the projected deficit for the café, which may in turn jeopardise the continuation of the café.
- 3.5** The continuation of the café at Skypoint is dependent on funding from the Community Planning Partnership and the Greater Glasgow Health Board. This funding supports the café's overall strategy of providing and promoting healthy eating alternatives for the community, as well as undertaking a teaching and support role for the community in pursuit of the strategy.
- 3.6** The Greater Glasgow Health Board has made a commitment to grant £20,000 to the café for 2006/2007 to support the healthy eating initiative. The Community Planning Partnership is also considering a grant to the café of £20,000 to cover the period April 2005 to March 2006.

4. Financial Implications

- 4.1** The achievement of a balanced budget for the Skypoint Centre is not dependent on rental income from the café. Were the café to close, the budget position would remain as present in that no rental income is currently being received for occupation of the café premises.

5. Personnel Implications

- 5.1** There are no personnel implications.

6. Recommendations

6.1 The Committee is invited to:-

- (a) note the projected year end budget outcome for Knowes Café;**
- (b) agree that no rent should be levied for the occupation of the Knowes Café by Knowes Housing Association for financial year 2006/2007; and**
- (c) reserve the right to receive a rent contribution should the café achieve an end of year profit outcome. Should this position arise, the level of payment to the Council would be negotiated between the Head of Finance and the Knowes Housing Association.**

David McMillan
Director of Housing, Regeneration and Environmental Services
Date: 19 April 2006

Wards affected: All

Appendix: Café Knowes - Management Accounts

Background Papers: Reports from Director of Development and Environmental Services:

Skypoint, Faifley & Knowes Café Council, 29 June 2005

Skypoint, Faifley Council, 27 April 2005

Future Management of Skypoint, Faifley and Knowes Café Council, 23 February 2005

Options for the future management of Skypoint, Faifley Council, 26 January 2005

Reports from Director of Corporate Services:

Skypoint Faifley Council, 28 January 2004

Skypoint Update Council, 28 January 2004

Skypoint Final Update Council, 25 May 2004

MCM Associates Ltd. – Skypoint Centre Faifley – Report on the development of a new management structure

Person to Contact: Billy McCabe – Section Head for Events and Halls
 Council Offices, Rosebery Place, Clydebank
 Tel. 01389 738548
 e-mail: billy.mccabe@west-dunbarton.gov.uk