

**Decision Session – Executive Member for
Culture, Leisure and Tourism**

13 March 2017

Report of the Assistant Director (Communities and Equalities)

Haxby & Wigginton Library

Summary

1. This report sets out options for investment in a replacement library for Haxby and Wigginton.

Recommendations

2. The Executive Member is asked to:
 - a) Approve the use of the Council's capital funding to invest in the Memorial Hall (MH) project and to co locate a new library in their premises
 - b) Approve the terms of the funding and the timescales for delivery as set out in the report
 - c) Approve delegated authority to the Director of Economy and Place to agree the lease duration and other terms with the MH trustees to ensure value for money is obtained

Reason: To establish an in-principle commitment and proposed timescale for a new library that will improve the quality of the library service for Haxby and Wigginton residents.

Background

3. Within the Council's capital programme for 2017/18 there is £500k for the construction of a new library in Haxby and Wigginton.
4. The old library closed on 16 July 2016 on the grounds of public safety. The building has been emptied and secured. The structural survey concluded the building is expected to collapse, with the external walls likely to fall outwards beyond the site boundary, therefore requiring controlled demolition. Due to the seriousness of the defects identified by the structural engineer it has been concluded that it would not be economically viable to

repair the building. The Executive Member is asked to note that demolition will take place and the site secured in April 2017.

5. The interim solution arranged by CYC's library service provider Explore York Libraries and Archives Mutual Limited ("Explore") has been to relocate the children's library offer to Oaken Grove Community Centre temporarily until the purchase and deployment of an additional mobile library to serve Haxby and Wigginton. This has been funded by a one off capital grant of up to £80k from CYC.
6. Since July 2016, a working group has been set up by the MH Trustees involving local stakeholders, CYC officers, Haxby Town Council, Wigginton Parish Council, all three ward Councillors, Explore and the Council's property services team, to discuss long term solutions.

The Memorial Hall Project

7. A vision for the library to be moved onto the high street and into the MH has existed for a number of years. The Trustees have secured planning permission for the development of the MH to include a new library as part of their overall plan. As a charity they own the free hold of the site. Plans of the proposal are shown at annex A.
8. The MH proposals fit with the long-term vision for libraries to move from stand alone facilities into community buildings co-located with other partners. By securing better locations with higher footfall potential, the aim is to lower overheads and provide new income streams for Explore.
9. The MH is already a well used community facility with a range of activities/uses including: social events (birthday parties to weddings), base for small businesses, regular hall hire (dance, music, fitness, sport groups for all ages) and Haxby Town Council office.
10. The MH Trustees have a stable and growing turnover and the last 5 years audited accounts demonstrate their financial sustainability and make them a good community organisation to partner with.
11. Officers have initially considered other sites in Haxby and Wigginton including Haxby Hall, rebuilding on the existing site, other community buildings, but none has the obvious advantages of the MH site.

Options

12. The options open to the Executive Member are:
 - A. To commit to fund a new library on the MH site
 - B. To carryout a full options appraisal across Haxby and Wigginton to seek a different site, including the possibility of rebuilding on the current site.
13. It is proposed that, rather than being alternative options, these options are seen as sequential, i.e. a full options appraisal is only considered if the necessary funding by MH to implement option A has not been secured within 12 months of this decision.

Analysis of options

Option A

14. Haxby Town Council has provided financial support to the MH Trustees for professional fees for architects, cost consultants and to apply for planning permission, which they have done successfully.
15. In terms of deliverability the MH trustees have a plan that is well advanced with detailed cost estimates and are ready to tender the construction works, subject to capital funding being in place.
16. The cost consultants 'WT Partnership' appointed by the MH Trustees estimate the cost for the entire project at approximately £2m, but have created a plan which enables them to phase the development. The phasing is broken down and described in Table 1.

Table 1: Breakdown of capital costs for each building phase (to be viewed in conjunction with the plan shown at Annex B)

Phase	Description of elements	Net Capital Cost (excluding VAT)	Gross Capital Cost (including VAT @ 20%)	Paid by
1	New library including kitchen fit out – 218m ² (shaded purple on plan)	£416k	£499k	CYC

	Extension of MH building to join library – 308m ² (shaded yellow on plan)	£461k	£553k	MH
	Sub total for Phase 1	£877k	£1,052k	
2	New toilets on ground floor (shaded pink on plan)	£93k	£112k	MH
3	Extended activity hall, new glazed entrance and create a first floor with new rooms (shaded blue on plan)	£711k	£853k	MH
	Total Capital Cost	£1,681k	£2,017k	

17. Phase 1 of the build is broken down into two descriptive areas:

- The library extension size is 218m² of floor space on the ground floor with level access from the main high street. It includes; entrance lobby, a large floor space for the main library, disabled toilet, boiler room and lift to the first floor. Additional costs have been included to refurbish part of an existing house into storage, offices, kitchen and cafe servery.
- The second element is to join the new library to the existing hall 308m² and includes: two new seminar rooms (one has access from the library and can be hired out for activities and events), corridors, new large kitchen and servery for the main hall, and refurbishment to the Haxby Town Council office with additional tea room and storage facilities.

18. Phase 2 (41m²) involves increasing the size of the existing toilets.

19. Phase 3 (397m²) includes the addition of a new glazed entrance on the side of the MH with new stair well and lift to provide access to a new first floor. This creates a space for two new seminar rooms, tea room and toilets.

20. Phase 1 therefore represents the minimum scheme, which would require a gross capital budget of £1,052k. This would require the MH Trustees to raise £553k and CYC to commit £499k.
21. The MH Trustees have a specialist fund raising organisation on board and have set them a target to raise over £1m. Progress to date includes the identification and preparation of £563k worth of funding applications; however, they have highlighted that to get a more successful return it is important to secure some initial funding that can be guaranteed as match funding.
22. Detailed discussions have taken place between Explore, the MH Trustees and CYC to agree clear expectations and principles of a future agreement. These will be incorporated into a Memorandum of Understanding (MOU) and then formalised into a legal Agreement for Lease. A high level summary of what is expected in the MOU is noted below:
 - CYC to provide the £499k funding for the library element to the MH Trustees to build out phase 1 using milestone payments
 - CYC expect the MH Trustees to raise the £553k within 12 months from the date the decision by the Executive member is made, otherwise CYC's funding could be withdrawn
 - CYC expect a full general repairing lease for the library area on a peppercorn rent for a Term (duration) that ensures that the capital invested offers CYC best value. CYC also require the ability to sub lease the library premises (to Explore in the first instance as the current library service provider – Explore's service contract with CYC expires on 31 March 2019 (unless renewed in accordance with the provisions of that contract)).
 - Explore to be responsible for the cost of the initial fit out to the library areas, planned maintenance and reactive repairs.
 - All parties to share a commitment to work collaboratively to drive joint outcomes for the benefit of local people, for example ensuring that the facility opening hours are maximised.

Option B

23. A full options appraisal would take significant time and resource with an expected timeframe of between 6-12 months to identify an alternative site, assuming a suitable one can be identified. Negotiations with the respective land owner would take time and a budget to complete a full feasibility study including architectural drawing and cost reports would need to be identified.

Next Steps

24. Subject to the recommendation being accepted by the Executive Member the first step would be to develop the MOU and get all parties to sign up to the principles of the project.
25. Once the MH trustees have raised the total funding required, the next step would be entering a legally binding Agreement for Lease and ensuring all the obligations have been satisfied.
26. If the funding efforts of the MH trustees fail, officers would come back to the Executive Member in order to seek resources for a full options appraisal.

Council Plan

27. The provision of a library service contributes to the following Council Plan priorities:
 - All York's residents live and thrive in a city which allows them to contribute fully to their communities and neighbourhoods
 - Focus on the delivery of frontline services for residents and the protection of community facilities

Implications

28. **Financial:** The capital budget for this programme of work is £500k.
29. In terms of partnering with a charity to deliver a capital project, it is essential to ensure the financial sustainability has been checked. Officers have reviewed the MH financial revenue forecasts for this project and there is a strong plan which demonstrates surpluses can be reinvested back into the asset to ensure the long-term up-keep of the buildings.
30. The VAT status of the MH is still being considered by specialist charity accountants, therefore the Council's £500k budget

allocation is required in full but should VAT not be payable then any VAT elements assumed would be repaid to CYC.

31. **Legal:** Before CYC provide any funding to MH the following will be required:
- (i) Valuation advice as to what minimum Term (duration) of lease at nominal/peppercorn rent for library use would ensure that CYC is obtaining best value in return for paying the proposed premium of £416k (plus VAT).
 - (ii) Agree the Term and other provisions of the proposed lease with the MH Trustees in light of that valuation advice. (It is suggested that the amount payable by CYC to the MH Trustees should not exceed either the normal Premium for such a lease or the construction costs).
 - (iii) CYC require the MH Trustees to evidence that their method of procurement of a construction contract is in accordance with CYC's Contract Procedure Rules to ensure best value, transparency and fairness. The Public Contract Regulations do not apply to building works of this value but CYC is paying for a significant part of the costs of construction and it needs to ensure fair competition.
 - (iv) CYC require the MH Trustees to evidence that all the funding has been secured to meet their committed amount detailed in the construction contract.
 - (v) CYC require the MH Trustees to enter into an Agreement for Lease in which we will seek to :
 - (a) Oblige the MH Trustees to arrange construction of proposed library facilities to an agreed specified standard by a specified date in accordance with planning permission and building regulations
 - (b) Oblige the MH Trustees to grant CYC a lease of the library facilities for the agreed Term (period) at a peppercorn rent upon completion of construction (or oblige the MH Trustees to grant CYC a lease of the site when the first staged payment is made by CYC)
 - (c) Allow CYC to assign (transfer) the lease or to sub lease the library space to the designated library service provider

- (d) Allows CYC to exercise 'step-in rights' entitling CYC to take over and complete construction in event of the MH Trustees failing to do so and to recover our costs from the MH Trustees (and obliges the MH Trustees to grant CYC an early lease of the library site at that point)
 - (e) Obliges the MH Trustees to ensure that CYC are given collateral warranties by the building contractor, sub-contractors, architects etc
 - (vi) that any payment by CYC to the MH Trustees prior to completion of library construction works be a phased basis upon the reaching of certain specified stages of construction
 - (vii) Stamp Duty Land Tax of approximately £14k will be payable by CYC to HM Revenue & Customs on the grant of the lease if we pay a premium of £499K to the MH Trustees
32. **Property:** The WT Partnership cost report has been reviewed by officers and is considered to be satisfactory. Figures are based on current construction costs including 14% preliminaries, 10% contingency and 12.5% professional fees. Costs are then inflated to reflect an expected tender price in Q4 2018.
33. **Equalities:** An integrated impact assessment has been undertaken which shows no negative impacts, some positive impacts and areas for further community consultation in the development of the final design.
34. There are no **Human Resources, Information Technology, or other implications** associated with this report.

Risk Management

35. There is a risk that the MH trustees will not be able to raise the funds required to make the project viable within the 12 month period set. This would result in a delay to delivery of a new library for Haxby and Wigginton but would not result in any financial loss to the Council.
36. Risks entailed in delivery of the project will be mitigated as far as possible by the terms of the Agreement for Lease as outlined above. Failure to agree acceptable terms for the lease between CYC and the MH and CYC and Explore could prevent the funding being committed.

37. In compliance with the Council’s risk management strategy the main risks that have been identified associated with the proposals contained in this report are those which could lead to the inability to meet business objectives and to deliver services, leading to damage to the Council’s reputation and failure to meet stakeholders’ expectations. The level of risk is assessed as “Medium”. This is acceptable but means that regular monitoring is required of the implementation of the project.

Contact Details

Author:		Chief Officer responsible:	
Andy Laslett, Strategic Services Manager		Charlie Croft Assistant Director (Communities, Culture and the Public Realm)	
Report Approved	✓	Date	1 March 2017
Specialist Implications Officers: Finance – Richard Hartle Legal – Gerard Allen Property – Philip Callow			
Wards Affected: Haxby and Wigginton			All
For further information please contact the author of the report			

Background papers: none

Annexes:

- A. Floor and elevation plans for the development of the Memorial Hall and new library extension.
- B. Phasing plan

Glossary of Abbreviations used in the report

MOU - Memorandum of Understanding
 MH - Memorial Hall
 VAT – Value Added Tax