
Leasing the Hungerford Library building to Hungerford Town Council to increase community benefit

Committee considering report:	Executive on 19 October 2017
Portfolio Member:	Councillor Dominic Boeck
Date Portfolio Member agreed report:	26 September 2017
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Forward Plan Ref:	EX3371

1. Purpose of the Report

- 1.1 To consider Hungerford Town Council's (HTC) proposal to lease the Hungerford library building so that HTC can develop a range of community activities and the council can maintain the Library Service there while meeting the savings target for the service.

2. Recommendations

- 2.1 That the Executive agree to grant the leasehold of the Hungerford Library building on a 99 year lease at a peppercorn rent for the purposes of library and other community uses subject to:
- a short period of public consultation in the Hungerford area followed by a Stage 2 Equalities Impact Assessment to assess whether the proposal has any negative impacts for the public.
 - agreements on the Heads of Terms of the freehold transfer to ensure that the arrangement meets the saving in the libraries budget while facilitating greater community use of the building..
 - final approval by the Council's Executive – or by a delegated decision (as required).
- 2.2 That the Executive make a decision in principal so that HTC can progress their proposal and the council can make the budget saving required for the Library Service.

3. Implications

- 3.1 **Financial:** Hungerford Library was valued in 2013 at £656,800 using the Depreciated Replacement Cost method which calculates the depreciation of the original cost of the building over time. This is not a true value in terms of the confidence or otherwise of the current property market. The proposal delivers the required saving in the library budget.

HTC will grant fund the CIO (community organisation) which will operate the building on its behalf while it develops income from events, activities, other fundraising and grants.

- 3.2 **Policy:** The proposal supports the council's new policy Devolution in West Berkshire
<http://info.westberks.gov.uk/index.aspx?articleid=34205>
- 3.3 **Personnel:** The staffing at Hungerford Library shall increase by 1 member of staff working 25.5 hours each week. The expenditure is factored into the financial saving (above).
- 3.4 **Legal:** The proposal requires a leasehold agreement with HTC based on 99 years at a peppercorn rent. HTC become responsible for the costs and maintenance of the building. The Library Service is a statutory service. The Council's needs assessment (Red Quadrant 2016) determined that a Library Service is required in Hungerford to meet community need. A Joint User Agreement with HTC is required to specify the council's Library Service in the building
- 3.5 **Risk Management:** The library transformation project requires that we find new solutions to make the Library Service more sustainable. The costs of the library building are fully funded by the service budget but the building is under-used (open 26 hours a week out of a possible 84+). HTC has a population of 5700 (2014), raises a precept annually of £224k and has assets and investments valued at £856k (2015-16). HTC are committed to this project as there are obvious community benefits for residents in Hungerford and neighbouring parishes.
- 3.6 **Property:** Hungerford Library is situated at 2 Church St, Hungerford RG17 0JG. The building and land are wholly owned by West Berkshire Council.
- 3.7 **Other:** None.

4. Other options considered

- 4.1 Continuing with the current arrangements. This would not deliver the increase in usage for community activities and not engage with HTC is a long-term and sustainable solution for the Library Service and the building.
- 4.2 Selling the building on the open market would reduce community amenity for residents. The site is centrally located off the centre of the High Street and therefore accessible to all residents.

Executive Summary

5. Introduction / Background

- 5.1 The council conducted a review of the library service in 2016 which resulted in a 44% / £690,000 reduction in budget and staffing in 2017-18.
- 5.2 The new library service began on 3rd July with 1 member of staff supported by volunteers in the 7 branch libraries - Hungerford, Lambourn, Thatcham, Pangbourne, Mortimer, Burghfield, Theale. Previously there were 2 members of staff during opening hours with some volunteers whose roles were not crucial to the delivery of the service on a day to day basis.
- 5.3 The new service is highly reliant on volunteering and between April and early October we have recruited and trained nearly 200 volunteers.
- 5.4 The principles of the new library service are as follows:
- The Council provides the statutory library service as required under the [Public Libraries and Museums Act 1964](#).
 - Partnerships with town and parish councils, library support groups and library volunteers are vital to increase community involvement and tune the service to better meet local needs.
 - The service is, and will continue to be, based upon an assessment of community needs.
 - The extent of the service is limited by the resources available.
 - Library services can be delivered in a number of ways and locations – council buildings, a range of other venues, mobile and at home services, online.
 - New ideas and the flexibility to do things differently are key to making libraries more sustainable.
 - The service needs to deliver core services consistently while branch libraries can develop differently from each other to reflect the communities they serve.
- 5.5 Parishes are key to increasing library usage because of their knowledge of, and contacts within, local communities. All the town and parish councils where there is a library have been keen to engage with the service and make better use of library buildings.
- 5.6 Parishes were asked to consider providing a total of £150k a year (about £1 per resident) towards the cost of the service and to make any proposals of their own which would increase community benefit, maintain the Library Service and meet the savings target. On that basis we requested that Hungerford Town Council (HTC) consider providing £5520 each year.
- 5.7 The Hungerford Library building is under used. Assuming that many community centre buildings can be open at least 12 hours a day and 7 days a week, the library is open 25 hours a week and closed 59 hours a week out of a potential 84 hours a week.
- 5.8 In response HTC and the Friends of Hungerford Library proposed that they take on the leasehold and maintenance costs of the Hungerford Library building and in return the council maintain the library service there at the level of library staffing

prior to the reduction in July - 2 members of staff during opening hours rather than the current 1.

- 5.9 HTC has submitted a proposal to that effect through the council's new Parish Portal process for applications to transfer community assets *Devolution to Town and Parish Councils*. This includes consideration by members of the Asset Management Group and a final decision by the Executive.
<http://info.westberks.gov.uk/index.aspx?articleid=34205>
- 5.10 HTC's proposal is intended to meet our need to achieve the library service savings target while giving HTC the scope to develop the building as a community hub. Their town council office is also located in the building.
- 5.11 In 2013 the library building was valued for asset purposes using the Depreciated Replacement cost methodology, an accountancy tool where the cost of the building is depreciated over time. Using that methodology the value was given as £686,800 but this does not reflect the potential market value for an alternative use. If the council chose to sell the building then a prospective buyer may look at alternative uses such as a doctor or vet surgery, residential or office uses provided planning consent could be obtained.
- 5.12 The council currently bears the full cost of the maintenance and repairs of the Hungerford library building and charges Hungerford Town Council (HTC) rent for their parish office.
- 5.13 The Asset Management Group (AMG) considered HTC's request to grant the leasehold of Hungerford Library on Friday 23rd June. The AMG recommended that the council does so, subject to agreement of the Heads of Terms of the lease and further consideration of HTC's proposal for operating the building and meeting the saving required for the Library Service budget.

6. Proposal

- 6.1 HTC propose leasing the building from the council for 99 years for a peppercorn rent and setting up a Charitable Incorporated Organisation (CIO) to manage the building day to day.
- 6.2 HTC will be responsible for the maintenance and running costs in return for the council restoring the staffing levels as they were in March 2017 (2 members of staff during opening hours). HTC would maintain their parish office in the building but not pay us the rent. The cost of this to HTC, in effect, cancels out the loss of income and makes the required saving in the Library Service budget. **SEE APPENDIX A.**
- 6.3 Charitable Incorporated Organisations (CIOs) are a new type of body corporate, brought into being by the [Charities Act 2006](#). Detailed regulations are in the [Charitable Incorporated Organisations \(General\) Regulations 2012 SI 3012](#).
- 6.4 The purpose of the CIO is to develop events and activities, income from those activities and other fundraising and grants to meet the costs of maintaining the building.
- 6.5 HTC propose sub-letting the building to the CIO in order that a saving can be made on the rates. The CIO would be eligible for the mandatory 80% rate reduction and

are likely to also be eligible for the extra 20% discretionary rate relief under the current policy criteria.

- 6.6 HTC and the Hungerford Library Working Group have applied for CIO status and have recruited sufficient volunteers with the skills and experience they require to act as trustees.
- 6.7 HTC will develop a Joint User Agreement with the CIO to ensure that it is delivering what is required. This will include a requirement to support the delivery of the library service.
- 6.8 HTC propose grant funding the CIO to help them set up and develop their capacity as a sustainable community organisation.
- 6.9 HTC have also made a grant application for £12,000 under the Council's new community asset transfer/devolution scheme to help with the transition costs to the new service model. The grant application is due to be considered by the Officer Liaison Group that supports the scheme on 7th August.
- 6.10 HTC's proposal meets our saving requirement, has advantages for the Library Service and generally increases community benefit for residents.
- 6.11 For HTC to progress their proposal they require a decision in principal as soon as possible so that their elected members can take the necessary decisions and they can complete the setting up of a Community Incorporates Organisation Company.

7. Conclusion

- The proposal meets the saving required for Hungerford Library. It is the 3rd busiest library in West Berkshire and HTC's proposal makes it possible to meet the saving while having 2 rather than 1 members of staff to deliver the service.
- The proposal, although not without some risks, has the capability of delivering more community use of the library building while involving local people directly in making it a success.
- The current situation whereby the council funds a community building to be open 25 hours a week does not represent good value for the council or local people.
- The council retains the freehold of the asset.

8. Appendices

- 8.1 Appendix A – Hungerford Town Council's proposal and impact on Hungerford Library Budget.
- 8.2 Appendix B – Equalities Impact Assessment