



## CABINET – 4TH JUNE 2013

**SUBJECT: FORMER CAERPHILLY LIBRARY, MORGAN JONES PARK**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER**

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### **1. PURPOSE OF REPORT**

1.1 To seek Cabinet's view on the proposed options concerning the disposal of the site of the former Caerphilly Library.

### **2. SUMMARY**

2.1 The former Caerphilly Library site is now surplus to the requirements of the holding Service and no ongoing operational use has been identified.

2.2 Whilst the building remains vacant and the responsibility of the Council, it is likely that the building condition will continue to deteriorate.

2.3 As the site is located adjacent to the boundary of Morgan Jones Park, it is important that the future use is sympathetic to its setting at the entrance of the park.

2.4 Therefore, 4 options are proposed for consideration.

2.5 Option 1 would be to dispose of the property on the open market.

2.6 Option 2 would be to dispose of the Council's interest either through a freehold sale or leasehold disposal to those external parties who present the most favourable business case.

2.7 Option 3 would be to dispose of the asset via an Asset Transfer to a suitable third sector organisation, such as those that are not for profit or charitable organisations.

2.8 Option 4 would be a staged approach, whereby Option 1 could be initially tested and if unsuccessful, Options 2 and 3 pursued.

2.9 If applicable, the Asset Management Group would consider any business proposals and make appropriate recommendations to CMT/Cabinet via a further Cabinet report.

2.10 If Cabinet approves any of the above options, it is requested to delegate the decision regarding the terms of sale or lease to the Head of Performance and Property.

2.11 Cabinet is asked to consider the options set out and to make a decision on whether to approve.

### **3. LINKS TO STRATEGY**

- 3.1 Under its approved Asset Management Objectives, the Authority aims to manage its land and buildings effectively, efficiently, economically, and provide a safe, sustainable and accessible living and working environment for all users.
- 3.2 The Authority has a medium term financial plan (MTFP), which includes cost saving targets resulting from the disposal of assets.
- 3.3 Asset Transfer and community use of assets, will support the Welsh Government agenda One Wales – progressive agenda for the Governance of Wales, which emphasises the potential for Social Enterprise to meet a variety of social, economic and environment needs.

### **4. THE REPORT**

- 4.1 The site of the former Caerphilly Library, shown edged black on the attached plan, is located on the edge of Morgan Jones Park, at the rear of Nantgarw Road. The site measures approximately 938 sq.m and is accessed via the approach to the park. The site consists of the former library building and a small area of open space. The building, constructed circa 1950, measures approximately 273.7 sq.m. GEA. It is of single storey brick construction with partial rendered walls, a flat roof and high level windows. There is a large open plan area, a number of small storerooms, toilet facilities with a garage attached. The current site layout allows limited on site parking.
- 4.2 A recent condition survey indicates that the building is in need of urgent modernisation, with a sum of £153,312 required to put the accommodation into a reasonable standard over a 5-year period. There are a number of internal and external elements identified as requiring replacement. Building Consultancy has estimated a demolition cost of £30,000 plus fees.
- 4.3 The site is now surplus to the operational requirements of Library Services as a new library facility has been provided within the town centre and no alternative operational use has been identified to date. The Youth Service, Parks and Social Services initially expressed an interest in utilising the site, however, as no further representations or detailed business proposals have been submitted, it has been deemed that there is no further operational interest.
- 4.4 Whilst the building remains vacant and the responsibility of the Council, it is likely that the building condition will continue to deteriorate.
- 4.5 Legal Services has advised that there is nothing that would prevent a sale or granting of a lease of the site. There is nothing to prevent alternative uses of the site, e.g. no restriction on commercial use.
- 4.6 Planning Services advise the library site is located within the settlement boundary as defined by Policy SP5 of the adopted Local Development Plan. As the library is a community facility, it would need to adhere to Policy CW8 of the LDP on the Protection of Community and Leisure Facilities. As a replacement facility has now been provided in close proximity, it is considered that a disposal of the site would be acceptable in principle.
- 4.7 Planning Services further advise that the building lies outside of, but adjacent to Morgan Jones Park which is protected as a formal open space under Policy LE1 of the LDP. As such, it is important that any potential after use of the building should be compatible with the surrounding land-uses and should not constrain the use of the neighbouring sites. It is considered the re-use of the building for community or leisure purposes would be the most desirable uses from a Planning viewpoint, but a use such as office use may also be acceptable, subject to the need for planning permission. It is important that the final use is sympathetic to its setting at the entrance of the park.
- 4.8 There are four options available to Cabinet for consideration;

## **Option 1**

- 4.9 Option 1 would be to sell the freehold interest on the open market or via a leasehold disposal at market value.
- 4.10 As no operational requirement has been determined, officers have no objection to recommending a disposal. A freehold disposal would present the opportunity to achieve a capital receipt and transfer the Council's ongoing liability.
- 4.11 Delivery of a sale is more certain in that the property can be taken to auction in the event of difficulties during a private treaty process. However, the main area of concern is the requirement to ensure the future use is sympathetic to its location and surroundings. Disposing of the property on the open market may give little control over the end use e.g. if the new use falls within the current use category, there may not be a need for a planning application for change of use.

## **Option 2**

- 4.12 The site has not yet been taken to the market, however, we have received a significant number of external expressions of interest to date. There are a variety of proposed uses, which include proposals of a commercial nature, such as use as a café and a crèche/nursery. However, a large percentage of enquiries received appear to be community focused proposals. Therefore, Option 2 would be to dispose of the Council's interest either through a freehold sale or leasehold disposal to those external parties who present the most favourable business case.
- 4.13 Interested parties would be asked to submit firm proposals and a business case that could be considered by the Asset Management Group (AMG). The AMG would consider submitted business cases and make appropriate recommendations to CMT/Cabinet. This option could allow greater control over the end use, as proposals would be assessed against criteria such as, financial viability, sustainability and suitability to the local environment.
- 4.14 Proposals may fall outside of the current Planning use category and any change of use may trigger further planning considerations, such as parking requirements. This element could be fully investigated when full proposals are submitted for consideration.
- 4.15 If a leasehold disposal was determined to be the preferred route, it would allow the Council to benefit from a revenue stream and retain a greater degree of control over the future use. Leasing the site would reduce the liability associated with the ongoing management and maintenance.
- 4.16 A leasehold disposal would also allow an interested party to choose between paying a premium for the lease ("buying" the land) and paying an annual rent. This would alleviate the need to find a capital sum that might preclude a number of parties from taking up the opportunity in the current financial climate and given the condition of the asset.

## **Option 3**

- 4.17 A number of the expressions of interest received to date are from community or social enterprise groups/organisations. The Third Option could be an Asset Transfer to a suitable third sector organisation, such as those that are not for profit or charitable organisations. The Council does not have a formal Asset Transfer policy, however, previous applications have been considered on a case-by-case basis.
- 4.18 This option would secure a future community use of the site, bring benefits to our communities and contribute towards the Council's aims and objectives. Given the location and surrounding uses, a community type use could be a workable option and may provide an opportunity to offer community facilities through third party management that are not currently available within this locality.

- 4.19 A proposal to dispose of the site via a Community Asset Transfer gives the opportunity to transfer the freehold interest or grant leasehold interest at less than best consideration. This could either be at a reduced cost or free of charge. The level of subsidy could be determined by the social, economic or environmental benefits generated by the transfer. A lease transfer would enable controls to be included in the lease/agreement to enable the Council to monitor the financial ability of the organisation in managing the asset.
- 4.20 If the asset was transferred to a third sector organisation, they could then look to secure external grant aid to assist or fund the refurbishment or remodelling of the premises.
- 4.21 The Council would need to assess any organisation against criteria such as the viability of the proposal, financial forecasts, sustainability and governance arrangements in order to be satisfied that the organisation taking on the asset has the capacity to manage the facility on a sustainable basis. Therefore any interest party would be required to submit a business proposal and develop a business plan for assessment.
- 4.22 Should the Council be minded to dispose of an asset at an undervalue, it will need to comply with the Local Government Act 1972, sections 123-127: General Disposal Consent (Wales) 2003, which allows a local authority to dispose of land at less than best consideration without the specific consent of the National Assembly, provided:
- The disposal contributes to the promotion or improvement of the economic, social or environmental well-being of its area, or all or any persons resident or present in its area, and
  - The under value does not exceed £2m.

These criteria are linked to the “well-being” powers contained in the Local Government Act 2000, which states that every local authority has the power to do anything that it considers likely to achieve the promotion or improvement of well being in its area.

#### **Option 4**

- 4.23 Option 4 would be a staged approach, whereby Option 1 could be initially tested and if unsuccessful, Options 2 and/or 3 pursued.
- 4.24 If Cabinet approve Options 2 or 3, a further report will be submitted outlining Asset Management Group recommendations for the preferred end use once business proposals had been considered.
- 4.25 Should Cabinet approve any of the above options, it is requested to delegate the decision regarding the terms of sale or lease to the Head of Performance and Property.

### **5. EQUALITIES IMPLICATIONS**

- 5.1 An Equalities Impact Assessment (EqIA) screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EqIA has not been carried out.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 Depending on which option is pursued, the disposal of the land will produce a capital receipt and/or revenue stream and relieve the Council of its maintenance obligations.

- 6.2 There will be annual revenue saving to the Council for not holding the asset. For example, for 2012/2013, the building running costs were circa £21k, this sum includes general utilities and NNDR. Some liabilities will be ongoing whilst the building remains the responsibility of the Council.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are none.

## **8. CONSULTATIONS**

- 8.1 Councillor Pritchard has advised that the future use should be in line with community / leisure use, due to the location of the library site and history as a community facility. Councillor Pritchard has recently consulted the public and advises that nearly 6 out of 10 respondents, out of a total number of more than a 100 would like to see a youth or community facility.
- 8.2 Councillor Pritchard is not in support of demolition and is disappointed that no public money has been set aside for the facility. Out of the options presented, Councillor Pritchard would be in favour of Option 2 or 3, on the proviso that there would need to be a community aspect incorporated into the business plan with extensive consultation with a range of interested parties pursued. Option 1 would not be supported due to fears that the site could be utilised for purposes other than community/leisure if placed on the open market.
- 8.3 Caerphilly Town Council members advised their preference would be either Option 2 or 3, with a proviso that a community based scheme be followed and the community be consulted on the future development.

## **9. RECOMMENDATIONS**

- 9.1 Cabinet is asked to consider the options set out above and to make a decision on whether to approve:
- 9.1.1 Option 1: to dispose of the freehold interest of the site on the open market or grant a leasehold interest.
- 9.1.2 Option 2: to offer the opportunity for interested parties to submit detailed proposals and business case for consideration of the preferred future use proposal.
- 9.1.3 Option 3: To consider Asset Transfer at Less than Best Consideration.
- 9.1.4 Option 4: A staged approach, whereby Option 1 would be initially tested and if unsuccessful Options 2 and/or 3 pursued.
- 9.2 If the resolution is to approve Option 2 and/or 3, a further Cabinet report to be submitted outlining AMG recommendations for the preferred end use following consideration of any business proposals submitted.
- 9.3 Delegate the decision regarding the detailed terms of the sale or lease to the Head of Performance and Property and Cabinet Member for Performance, Property and Asset Management.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 The Council has no operational requirement for the land.

10.2 The disposal of the land will release the Council from ongoing maintenance obligations.

## 11. STATUTORY POWER

11.1 Local Government Act 1972, Local Government Act 2000 and General Disposal Consent (Wales) 2003. This is a Cabinet function.

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