

Subject: Appendix D1 - The future of library provision in Folkestone Town Centre and the next steps for the 2 Grace Hill building

Decision no: 25/00104

Key Decision: Yes, affects more than 2 Electoral Division and Involves Significant Service Development

Classification: Unrestricted

Past Pathway of report: Cabinet Members for Community and Regulatory services Key Decision 22 January 2025 - 24/00116

Future Pathway of report: Cabinet Member Decision

Electoral Division: All divisions within Folkestone and Hythe district

Is the decision eligible for call-in? Yes

1.Summary

This paper should be read in conjunction with the main committee report.

2. Options Appraisal

The table on the subsequent pages sets out KCC Officer analysis of the options outlined in the main paper. As noted in the main paper, it is proposed that option 1A is selected and all others discounted. Additional commercially sensitive considerations are outlined in appendix D2.

OPTION 1A

Exit the Grace Hill building and progress market disposal in-line with adopted policy. Confirm that, for the foreseeable future, 14 Sandgate Road will provide the library and registration facility in Folkestone town centre.

Service Requirements: Location/Space/Partnership Potential	<p>Location: This option would locate the library on the high street where it would expect to benefit from good passing footfall.</p> <p>Space: The space requirements for the full offer library and registration service can be accommodated as covered in all the options. This includes all elements of the lending library, the local history collection and a children's library. Spatial allocation and layouts have been agreed with services.</p> <p>Partnership potential: This option allows for the colocation of the Adult Education Service (CLS) as well as space available for another service (potentially ASCH) and hot desking capacity. This would bring more KCC services together making it easier for people to access multiple services in one location and increase the number of desks available to staff, providing both customer service access and KCC efficiency savings by maximising use of estate.</p>
Financial:	<p>Capital: Works have been tendered and planning consent obtained as part of the delivery of the temporary library, approved under 24/00166 – these works will be undertaken irrespective of the option selected.</p> <p>Minor additional fitout spend may be required in Q3 2028/29 if continued occupation of 14 Sandgate Road is planned. This investment likely to be lower in cost than the FOLCA capital investment option as majority of works have already been undertaken as part of the temporary provision.</p> <p>Revenue: Lease terms agreed with landlord. KCC is sole occupant of building and revenue costs of operation can be met within existing corporate landlord revenue budgets for respective services. Building is of modern construction, and KCC's financial exposure to service charge is therefore more limited when compared to other options, such as 2A, which involve occupation of buildings with more heritage fabric with a correspondingly higher maintenance burden.</p>
Deliverability:	<p>As this location was chosen as the temporary library location, works are already programmed with a timetable to completion in Spring 2026 with library occupation commencing immediately, other services would begin to occupy during Q2 of 2026.</p> <p>Highly deliverable given building will open for temporary service delivery from Spring 2026 and secure future under negotiated leasehold. KCC has secured lease with 15yr term and 5yr tenant only breaks providing KCC with ongoing flexibility. If this site does become the permanent library in the future then there will be some cost to look at furniture and layout on the basis this has been developed on the basis of being a temporary location to a last a few years at present.</p>

Environmental:	<p>This would be a smaller footprint than the Grace Hill building, which would reduce KCC's carbon footprint in line with Asset Management Strategy objectives. Also, the building would be more environmentally efficient.</p> <p>EPC A – 25 rating.</p>
Ownership Structure and Commercial Arrangements Compatibility with key decision 24/00116:	<p>Long lease terms agreed in line with existing budgets.</p> <p>Adheres to principles of key decision 24/00116.</p>
Consultation feedback	<p>While not an explicit option included within the 2024 consultation the process invited views on leaving the Grace Hill building for an alternative town centre location and therefore the Council can consider public feedback in respect of the current option 1A. At the time of the public consultation 600 people responded. We asked responders to give their views on KCC's proposal to permanently leave the Folkestone Library building at 2 Grace Hill and find an alternative town centre location for the Library and Registration service. 38% indicated they agreed with KCC's proposal and over half- 55% indicated they disagreed.</p> <p>The main themes covered in responses to this question included;</p> <ul style="list-style-type: none"> - Grace Hill is Historic/Part of Folkestone Heritage/listed- 34% - Grace Hill should be repaired /restored- 30% - Library should be in a good location/central/convenient/town centre- 21% - Grace Hill is suitable and purpose built to be a library- 15% - Grace Hill has been left to deteriorate by KCC- 13% - Prefer the current Grace Hill location/accessible- 11% - Highlighting repair/maintenance costs are high at Grace Hill- 10% - Cost effective to move to town centre/recognising KCC doesn't have money for repairs- 10% <p>Further detail is included in the full consultation feedback report.</p>

OPTION 1B

Exit the Grace Hill building and progress market disposal in line with adopted policy. Confirm 14 Sandgate Road will continue as the temporary library until and if it has become possible to finalise terms and agree to occupy FOLCA with FHDC.

Service Requirements: Location/Space/Partnership Potential

Location: This option would locate the library on the high street where it would be expected to benefit from good passing footfall.

Space: The future space requirements for the full offer library and registration service can be accommodated. While subject to further detailed work this space would enable the development of a new library layout to reflect the ever-evolving nature of the modern library service. The space proposed for the library and registration service in FOLCA would be the same as requested for all other options covered in this document.

Partnership potential: Co-locating with other public sector and community services would bring more services together making it easier for people to access services in one place and should enable more use and take-up of all services. Co-location benefits have softened as prospect of other non-commercial occupiers is in question. Depending on space available within the building KCC may have the opportunity to consider relocating non-library services to the building, however this would need to be supported by an independent business case.

Financial:

Capital: The capital investment needed to move the library and registration service to FOLCA and transform the empty space into a functioning library is estimated to cost around £200,000, however this figure would need to be reviewed once the actual space within the building, and its condition, had been confirmed.

Revenue:

Moving to FOLCA would reduce future maintenance liabilities and would support reducing KCC revenue costs. The costs to maintain the library in FOLCA would be lower than at Grace Hill as it will be a newly refurbished space, with a more efficient footprint. The building is not listed so does not have the limitations that there are at Grace Hill and KCC would only be responsible for the area it uses and not all of the expensive building maintenance (such as the roof, boiler etc), recharged to KCC via service charge.

Ongoing costs anticipated to be higher than 14 Sandgate Road as service charge liability will be linked to refurbishment specification which is currently unconfirmed. Direct comparison between open 1B and 2A is problematic given the unfinalised nature of capital works to either building which may help to mitigate ongoing running costs.

Deliverability:	<p>At the current time FHDC's position is that active engagement on FOLCA will not be possible until the future of 2 Grace Hill has been determined. Subject to future of Grace Hill, should the library wish to occupy FOLCA in the future there may be potential for a further conversation and space available.</p> <p>As with any significant redevelopment project it may take years to come to fruition and the temporary provision will need to remain in place until that point. FHDC have indicated that subject to decisions in 2026 it is envisaged the space may be occupiable by Q4 2028.</p> <p>High dependency on FDHC for both further details on space, cost and timeline.</p>
Environmental:	<p>This would be a smaller footprint than the Grace Hill building, which would reduce KCC's carbon footprint, contributing to our 2030 carbon neutral target.</p> <p>The building would be more environmentally efficient.</p> <p>FHDC has secured support from the Public Sector Decarbonisation Fund for the development of FOLCA, and this should enable the building to achieve an EPC A rating.</p>
Ownership Structure and Commercial Arrangements Compatibility with key decision 24/00116:	<p>High level HOTs discussed but not formally agreed. Likely long leasehold occupation.</p>
Consultation feedback	<p>At the time of the public consultation 600 people responded. We asked responders to give their views on KCC's current preferred option to move the library and Registration service to/rent space at FOLCA on the high street. 43% indicated they agree with the proposal and 50% indicated they disagree.</p> <p>The main themes covered in responses to this question included;</p> <ul style="list-style-type: none"> -It would be a central location/good location/convenient- 27% -Grace Hill should be repaired/restored/renovated and remain a library- 18% -It would be accessible/easy to get to/good parking/public transport- 15% -Makes sense to use FOLCA building- 14% -FOLCA is unsuitable/too much work to Convert FOLCA/requires maintenance- 14% -FOLCA should be used for something else (Not a library)- 11% -FOLCA is acceptable/good choice- 10% <p>Further detail is included in the full consultation feedback report.</p>

OPTION 1C

Exit the Grace Hill building and progress market disposal in line with adopted policy. Confirm 14 Sandgate Road will continue as the temporary library while the Council works to establish an alternative town centre library site which is not FOLCA or 14 Sandgate Road.

Service Requirements: Location/Space/Partnership Potential	This would enable a town centre provision for the service.
Financial:	<p>A move to an unknown town centre location would need to be evaluated based on locations available, currently no other locations sourced..</p> <p>KCC would need to take on a lease or acquire the freehold of an alternative site.</p> <p>The service and building operational costs are unknown at this time but it would be reasonable to assume these would be in the region of those outlined in options 1A and 1B.</p>
Deliverability:	<p>This option would be subject to the right property being available in the right place and at the right time. If the right property was found it may need adaptations to be suitable for library and registration services. It could take time for the right property to become available.</p> <p>As such the timescales associated with this open cannot be defined and it is not considered deliverable when contrasted with the early 2026 opening associated with 1A and 18+ month target for fundraising and capital works as part of 2A</p>
Environmental:	<p>Unknown currently.</p> <p>Any building the library service moves to is likely to be more environmentally friendly than 2 Grace Hill but it would depend on the specific building identified.</p>
Ownership Structure and Commercial Arrangements Compatibility with key decision 24/00116:	<p>Unknown at this time.</p> <p>An appropriate location has not been identified at this time but is likely to be a leasehold property.</p> <p>No draft lease terms, rent levels, or maintenance obligations can be provided at this time</p>

Consultation feedback	<p>At the time of the public consultation 600 people responded. We asked responders to give their views on KCC's proposal to permanently leave the Folkestone Library building at 2 Grace Hill and find an alternative town centre location for the Library and Registration service. 38% indicated they agreed with KCC's proposal and over half- 55% indicated they disagreed.</p> <p>The main themes covered in responses to this question included;</p> <ul style="list-style-type: none"> - Grace Hill is Historic/Part of Folkestone Heritage/listed- 34% - Grace Hill should be repaired /restored- 30% - Library should be in a good location/central/convenient/town centre- 21% - Grace Hill is suitable and purpose built to be a library- 15% - Grace Hill has been left to deteriorate by KCC- 13% - Prefer the current Grace Hill location/accessible- 11% - Highlighting repair/maintenance costs are high at Grace Hill- 10% - Cost effective to move to town centre/recognising KCC doesn't have money for repairs- 10% <p>Further detail is included in the full consultation feedback report.</p>
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OPTION 2A

Confirm that the Council will accept Creative Folkestone's proposal to work towards an alternative grant-funded vision for the Grace Hill building which may include the provision of space for the library service, and until this point in time the temporary library will operate at 14 Sandgate Road.

Service Requirements: Location/Space/Partnership Potential	<p>Location: 2 Grace Hill is the existing location of library service and is known to users. It is located outside of the main High Street, and closer to areas of deprivation within Folkestone</p> <p>Space: Ground floor allocated for library; appendices show indicative layout – however engagement with service to refine would still need to take place. No detailed fit-out plan, costings, or compliance with KCC service specification covered in proposal. Broadly the spatial allocation within the building is considered suitable by the service and is in-line with spatial offering under 1A and 1B.</p> <p>Partnership potential: Co-location with creative organisations is a potential positive, as is the proximity to Creative Folkestone's Creative Campus. However, the exact nature of other partners in other spaces is not detailed.</p>
Financial:	<p>Capital: Proposal states that £6.5m is required for Grace Hill building as part of a wider c£10m grant seeking exercise to support required to implement Creative Folkestone's Creative Campus concept; mentions potential sources (govt, heritage, private donors) but does not provide application criteria, confirmed funding streams, or likelihood of success. No timeline for securing funds beyond a broad "18 months target". The proposal is dependent on assumption that required capital can be secured from grant funding opportunities.</p> <p>Requested detail on funding certainty and timescales is missing. While Creative Folkestone have a very successful track record for securing external funding and initial positive conversations with some funders have taken place, the scale of the capital requirement is significant.</p> <p>Revenue: Draft model included (income ~£182k vs costs ~£185k at 90% occupancy). No sensitivity analysis, contingency plan, or evidence of secured tenants. Requested detailed business plan not provided. Referenced model is for the operation of the building. KCC's continued occupation of the property and ongoing financial commitment via lease service charge creates significant revenue risk given listed nature of building even if capital works carried out. The ongoing running costs of the building are linked closely to the level of capital investment as part of any refurbishment exercise, however the heritage fabric and design will increase maintenance burden when compared to a more modern alternative.</p> <p>During the 18th Month period to gain the capital funding KCC would still be the building owner and responsible for ongoing maintenance costs and liabilities. These have been estimated at c£100k pa at present and there may be call for additional spend to maintain the current stable building condition.</p>

Deliverability:	Experienced lead partner but proposal is high-level and contingent on multiple external factors (funding, lease, planning). No risk register or mitigation plan provided. Significant capital works to a listed heritage building present an inherent risk of unexpected discoveries mid -project which can impact both deliverability and timescales.
Environmental:	<p>Positive narrative on reuse and heating upgrades; no quantified targets or compliance plan provided.</p> <p>The Grace Hill building currently has an EPC C – 73 rating.</p> <p>The ability to improve this EPC rating will be limited due to the listed nature of the building.</p>
Ownership Structure and Commercial Arrangements Compatibility with key decision 24/00116:	States KCC will divest maintenance via sale or full repairing lease; no draft lease terms, rent levels, or maintenance obligations provided. Requested commercial detail missing despite efforts to engage.
Consultation feedback	<p>At the time of the public consultation 600 people responded. We asked responders to give their views on KCC's proposal to permanently leave the Folkestone Library building at 2 Grace Hill and find an alternative town centre location for the Library and Registration service. 38% indicated they agreed with KCC's proposal and over half- 55% indicated they disagreed.</p> <p>The main themes covered in responses to this question included;</p> <ul style="list-style-type: none"> - Grace Hill is Historic/Part of Folkestone Heritage/listed- 34% - Grace Hill should be repaired /restored- 30% - Library should be in a good location/central/convenient/town centre- 21% - Grace Hill is suitable and purpose built to be a library- 15% - Grace Hill has been left to deteriorate by KCC- 13% - Prefer the current Grace Hill location/accessible- 11% - Highlighting repair/maintenance costs are high at Grace Hill- 10% - Cost effective to move to town centre/recognising KCC doesn't have money for repairs- 10% <p>There was also some responses that said KCC should consider the Creative Folkestone proposal (3%). Further detail is included in the full consultation feedback report.</p>