

**From:** Simon Jones, Corporate Director, Growth Environment and Transport

**To:** Paul Webb, Cabinet Member for Community and Regulatory Services

**Subject:** 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: Part Exempt – Appendices C and D**

**Electoral Division:** All divisions within Folkestone and Hythe district

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**Is the decision eligible for call-in? Yes**

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**Summary:** This paper follows the previous Cabinet Member's decision (24/00116) taken in January 2025 and sets out next steps and timescales in respect of the Library and Registration service provision in Folkestone town centre and the future of the 2 Grace Hill building (the "Grace Hill building" throughout).

It sets out: the current position in respect of the Grace Hill building and the temporary library provision at 14 Sandgate Road; reviews the remaining options; and confirms next steps to ensure that Folkestone town centre has a sustainable, deliverable, and comprehensive statutory Library and Registration service.

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**Recommendation(s):**

The Cabinet Member for Community and Regulatory Services is asked to agree the proposed decision as set out in the Proposed Record of Decision (PRoD) (Appendix A).

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**1. Introduction**

- 1.1. The Council has a statutory duty under the Public Libraries and Museums Act 1964 '*to provide a comprehensive and efficient library service for all persons who live, work or study in the area*'.
- 1.2. Folkestone Library is part of the Council's statutory network of Libraries which deliver services across the County. It operated at the 2 Grace Hill building (referred throughout as the "Grace Hill building") until December 2022 when it was temporarily closed due to building condition issues including water ingress and mould, rendering it unsafe for occupation by staff and customers.
- 1.3. Since this temporary closure the Council has undertaken steps to mitigate the impact and to identify options for the future of the town centre library service in Folkestone.

- 1.4. An interim decision 24/00116 was taken in January 2025 outlining next steps and options which remained under consideration.
- 1.5. Due to the progress made since January 2025 the Council is now able to take a further decision on next steps in relation to the future of the Folkestone Library service and the Grace Hill building, and the timings associated with these.

## 2. **Background**

- 2.1. Until the temporary closure of the Grace Hill building in December 2022, a comprehensive library and registration service was offered from this location including book lending service, access to local studies collections, public computers and registration functions.
- 2.2. Due to the extent of condition issues, it was not considered economically viable for the Council to carry out the necessary works to allow the building to safely reopen, and an exercise was commenced to fully cost the level of capital expenditure required. These costs were later established to be c£2.9m, which continues to be an accurate reflection of the level of capital expenditure required to reopen the building.
- 2.3. The nature of the Council's financial challenges, and the controls in place to manage spend across Council, mean that limited property maintenance budgets are prioritised towards buildings which are used to provide the Council's welfare related services.
- 2.4. In 2022 the total estimated cost of repairs needed to the Grace Hill building would have represented over a third of the Council's total 22/23 FY annual property maintenance budget.
- 2.5. Since this point in time the pressure on the Council's property maintenance budgets has continued to increase and it remains clear that such costs cannot be justified.
- 2.6. While the Grace Hill building has been closed, temporary service provision has been put in place for service users and local residents to access a library and registration service which consists of:
  - Town centre access to the local history collections and public computers at 'Folkestone Library – Heritage and Digital Access' operating at 5 Grace Hill. This also includes a free library book (and other materials) borrowing and reservation service.
  - Extended branch opening at nearby Wood Avenue and Hythe libraries.
  - Additional public computers and an additional location where public can complete birth and death registration appointments at Wood Avenue Library.
  - Promotion of other ways to access free library services via online, the Mobile Library and the Home Library Service

- 2.7. At the point of drafting this paper, Folkestone town centre has been without a full town centre library and registration service for three years.
- 2.8. Following the temporary closure, the Council has explored various options for the future provision of the service. An eight-week public consultation took place in 2024 which outlined the options at the time and the basis of the criteria that would be used to assess options, the outcome of which was reported to the Cabinet Committee and Cabinet Member in January 2025.
- 2.9. The subsequent key decision confirmed which options were discounted, and which would continue to be developed.
- 2.10. Some limited capital works were undertaken in the 25/26 financial year to the Grace Hill building to improve the roof drainage network in consultation with the Conservation Officer at Folkestone and Hythe District Council. These works were designed to stabilise the building's condition and slow further deterioration of the internal heritage fabric of the building, to provide additional time for options analysis and decision taking over the 25/26 winter period.
- 2.11. The interim decision (24/00116) taken by the Cabinet Member on 22<sup>nd</sup> January 2025 recognised the consultees' views and agreed that further work be undertaken to explore the two remaining options, with all other options outlined in the papers being discounted.

2.12. The **discounted options** in January 2025 were:

- Continue with temporary provision (5 Grace Hill) permanently and exit the Grace Hill Building. This option would not meet the service requirements due to spatial limitations and a clear message from the consultation feedback was that people wanted to see either the re-opening of the library at the Grace Hill building or the service moved to a single alternative location.
- Make repairs to the Grace Hill building, re-open Folkestone Library and co-locate with other services there. While recognising consultees' views about the Grace Building, it was not considered that making the necessary repairs to the building was financially justifiable.
- Relocate the library service to another existing KCC building. There was no significant support within consultation responses for a move to any existing KCC building in Folkestone and from a review of KCC buildings there was no suitable KCC space available which made this option deliverable.

2.13. The **remaining options** in January 2025 were:

- Selling or issuing a long lease of the Grace Hill building to another party and then leasing back part of the building. This option would enable KCC to relinquish its interest in and responsibility for maintenance and repair of the Grace Hill building, whilst retaining the library and registration service at the Grace Hill building. This option is the subject of ongoing engagement with Creative Folkestone. This option may also involve the consideration of proposals from other individuals or groups, should any such proposals be made (including through the ACV process).

- To exit the Grace Hill building and find an alternative town centre location for the LRA service.
- The decision authorised officers to continue to explore other alternative town centre locations (including continued exploration of the FOLCA option with FHDC) and to look at the options for improved temporary provision while the Council took forward work on a remaining options.

2.14. The principal parts of the 2025 decision were that the following steps were approved:

- That further work be undertaken to explore and implement an alternative town centre location for the temporary library and registration service, from which a greater range of services could be delivered, within current budgets, until a permanent library and registration service location is opened in the town centre.
- That the options for the future of the Grace Hill building which involve KCC retaining responsibility for maintenance and repair of the building, be discounted, acknowledging that this will very likely require KCC to make a disposal of the building to a third party (by way of freehold transfer or grant of a long lease), and progress actions relating to its listing as an asset of community value (ACV), including issuing a notice to Folkestone & Hythe District Council of intention to dispose (Folkestone & Hythe District Council being the statutory body that administers the ACV process under the Localism Act 2011)
- That further work be undertaken on the two remaining options, including further engagement with Creative Folkestone and, if appropriate, other individuals or groups who may make proposals for the Grace Hill building (including through the ACV process).

2.15. While the above summarises the considerations and outcome of key decision 24/00116 the full details of the decision are set out within the paper taken to Committee in January 2025 and as Appendix B.

2.16. The Grace Hill building is listed as an asset of community value (ACV) under relevant provisions of the Localism Act 2011. The Council therefore cannot enter into a “relevant disposal” of the building unless a number of statutory conditions are met.

2.17. A relevant disposal is a sale of the freehold estate of the land or the grant of a leasehold interest with a term of over 25 years.

2.18. The January 2025 key decision authorised officers to trigger the notification of intent to dispose in respect of the Grace Hill building, and progress to openly market the site. This was designed to enable all interested parties, including community groups, to develop and submit proposals for consideration.

2.19. The key decision acknowledged that both remaining options would take time to investigate and ultimately deliver, therefore certain measures were necessary:

- The carrying out of limited capital works to the Grace Hill building to slow the deterioration of internal heritage fabric.
- The establishment of a new single temporary library in the town centre which would be capable of providing the full range of services expected of a town centre Library and Registration facility.

2.20. The above steps have been progressed since the January 2025 key decision.

2.21. Marketing of the Grace Hill building took place for a 12-week period, concluding on 31<sup>st</sup> October 2025. Following the conclusion of this, and the evaluation of other options, the Council is now able to take a decision which sets out next steps and timescales in respect of the Folkestone Library and registration service and the Grace Hill building.

### **3. Status of 2 Grace Hill building and ACV / Marketing process**

- 3.1. The Grace Hill building remains closed on condition grounds and is managed as part of the Council's vacant property estate – with regular monitoring visits being undertaken and security management in place.
- 3.2. A programme of works to the roof and rainwater drainage network were undertaken in 2025 as permitted under listed building consent (24/1768/FH). These works were developed in close liaison with Folkestone and Hythe District Council's Conservation Officer. Works were limited to improving the capacity and design of elements of the roof rainwater network to reduce the risk of further water ingress from the roof, and improved access to the roof to allow more regular monitoring.
- 3.3. These limited works were not sufficient to allow the building to return to operational use, and significant condition works would still be required to allow the building to reopen to staff and visitors.
- 3.4. The full cost of necessary works was estimated to be in the region of £2.9m in 2024. Due to further deterioration in the building's condition this figure is still considered to be a realistic reflection of the capital investment required for the building to be reoccupied.
- 3.5. Following key decision 24/00116, notification was served on Folkestone and Hythe District Council of the County Council's intention to dispose of the building per the Asset of Community Value (ACV) legislation. As outlined in the key decision this was considered necessary as all remaining options involved a 'relevant disposal' per the legislation.
- 3.6. The ACV legislation does not confer a right of first refusal to community groups, nor does it define how marketing must take place; it provides groups additional time to prepare to bid for assets, alongside other interested parties, which have been nominated and adopted as being of "community value".
- 3.7. Once an asset owner notifies the local authority, in this case the District Council, of an intention to dispose of an asset an initial 6-week moratorium is triggered, during which no disposal can take place. If any qualifying community

group expresses an interest in bidding during the initial 6-week moratorium it automatically extends the moratorium to 6-months. During a moratorium no relevant disposals can take place.

- 3.8. Once the moratorium process ends the asset enters a 'protected period' during which disposal can take place without the need to renotify the District Council of an intention to dispose. This protected period runs for 18-months from the point of the initial notification to the local authority.
- 3.9. Per the legislation, qualifying community groups were given an initial 6-week period in which to express an interest in bidding for the Grace Hill building. This commenced on 7<sup>th</sup> March 2025.
- 3.10. Three community organisations expressed an interest in preparing a bid for the Grace Hill building, this triggered the full 6-month moratorium to come into effect.
- 3.11. This full moratorium period concluded on 7<sup>th</sup> September 2025.
- 3.12. While they were not one of the three groups who expressed an interest in developing a bid as part of the ACV process, Creative Folkestone's interest in the Grace Hill building and future of the Folkestone library service is documented in paperwork supporting key decision 24/00116.
- 3.13. Regular engagement with Creative Folkestone and other community groups has continued to take place since.
- 3.14. While not required under the ACV legislation, open marketing of the Grace Hill building was considered necessary to allow all parties interested in developing a proposal to be treated equally and the process to be handled transparently. This was an active decision by the Council to go beyond the requirements of the legislation in the interests of ensuring parity.
- 3.15. Kent County Council wrote to all groups who put forward an Expression of Interest as part of the ACV process and to Creative Folkestone in July 2025 outlining next steps, the details of the open marketing process, and the criteria by which the Council would assess bids and encouraged bidders to contact KCC if further information was needed to help them prepare their bids.
- 3.16. The Council continued to engage directly, and via its appointed agents, with any interested party during the marketing process, offering relevant information on the building, facilitating site visits, and clarifying service requirements. This included meetings with Creative Folkestone in addition to information being supplied to support their proposal drafting.
- 3.17. The open marketing period was supported by news articles, adverts, and external boards on the building to ensure that any and all interested parties were aware of the opportunity to develop a bid.
- 3.18. The open marketing process concluded on 31<sup>st</sup> October 2025. This represents a period of over seven months from the notification of intention to dispose to

Folkestone and Hythe District Council, and over nine months from the point that the Council confirmed next steps in the January 2025 key decision.

3.19. Only one proposal, submitted by Creative Folkestone and framed around a shared partnership vision, was received during the marketing process. The full details of this are set out in an exempt appendix C. Officer analysis of options are also included at exempt appendix D.

3.20. The Creative Folkestone proposal as submitted includes:

- A joint partnership approach between Creative Folkestone and other community groups to integrate the building into Creative Folkestone's Creative Campus initiative and restore the building as a multi-use cultural hub.
- Acknowledgement of the significant condition issues with the Grace Hill building and an indicated intention to raise c£6.5m from external grant funding sources towards works to the Grace Hill building, as part of a wider c£10m package of grant seeking to support the Creative Campus Project. Potential grant funders are indicated in addition to references to positive engagement to date.
- The proposal did not set out detail of proposed ownership structure for the Grace Hill building but indicated a willingness to abide by the limitations set in 24/00116 around the Council's ongoing maintenance obligations.
- The Council is requested to join a partnership of various groups and allow a period of 18 months in order for the partnership to raise required funds.
- Once repaired and refurbished it is envisaged that the building could be occupied by the library service on the Ground Floor, and creative / community uses elsewhere.
- That Creative Folkestone take the lead role in ongoing management of the building, and that each user would make contribution to the running costs of the building to ensure financial sustainability and manage ongoing risk.
- That the areas of the building other than ground floor would be fragmented to provide individual studio and community spaces.
- A high-level revenue model is set out on the basis of a 90% occupancy assumption, and assumptions on rental rates for areas of the building. However, it is not clear whether these rates would be achievable in the context of more fragmented / ad hoc hireable spaces.
- The alignment of the proposal with various policy initiatives is highlighted, along with potential economic/employment benefits of the wider campus proposal.

**4. Update on 14 Sandgate Road, enhanced temporary library provision  
24/00116**

- 4.1. Key decision 24/00116 accepted that all future options which remained would take significant time to deliver, whether this was disposing of the Grace Hill building to another party to carry out necessary repairs and refurbishment or procuring an alternative town centre library building and conversion works. Therefore, it was considered necessary to deliver a further temporary provision within the town centre, which could provide a single, full and comprehensive Library and Registration service.
- 4.2. No suitable venues were identified within the Council's existing estate. A market search for options was therefore conducted.
- 4.3. The ground floor of 14 Sandgate Road (Sandgate Road building) was identified due to its location within the town centre, good accessibility, and spatial adequacy for not just the Library and Registration service, but other Council services which required a town centre presence in Folkestone i.e. Adult Education. The County Council seeks to co-locate services where feasible.
- 4.4. An interest in the Sandgate Road building has been secured within existing revenue budget constraints allocated to the co-locating services. It has been confirmed that Adult Education service will locate here when the building is ready.
- 4.5. Proposals for the conversion of the space to serve the needs of co-locating services have been agreed, and planning consent has been obtained for the temporary change of use for community purposes for an initial five-year period under consent FH/25/1711.
- 4.6. Conversion works have been tendered per the Council's procurement arrangements, and conversion works are due to commence in January 2026, with completion scheduled for Spring 2026.
- 4.7. Once open the building will allow for a full and comprehensive Libraries and Registration service to be delivered within the town centre; it will also be occupied by the Council's Adult Education function, with ancillary office and storage functionality.
- 4.8. Due to the temporary nature of Library and Registration service's occupation in the building, fitout will be achieved through use of existing furniture stock sourced from closed sites across the County with some new furniture where needed.

## 5. Status of FOLCA

- 5.1. During the 2024 consultation the Council's preferred approach was to exit the Grace Hill building and relocate to another Town Centre site. At the time the FOLCA project being delivered by Folkestone and Hythe District Council (FHDC) was considered to be the most likely option for a future venue, and at time of the public consultation was KCC's preferred option.
- 5.2. The FOLCA building is owned by Folkestone & Hythe District Council, a former Debenhams store made up of 2 distinct buildings, one fronting onto Bouverie Place (FOLCA 1) and the other onto Sandgate Road (FOLCA 2).

5.3. FHDC decided in July 2025 to dispose of its interest in the Bouverie Place fronting building, FOLCA 1, due to viability challenges with its proposed use. A decision to progress a mixed-use scheme for FOLCA 2 is anticipated in early 2026 as part of a proposed which may be “fully commercial or a combination of public sector, medical and commercial uses.”

5.4. Based on recent communications FHDC have confirmed that:

- FHDC’s preference, as outlined in KCC’s decision in January 2025, remains for the library service to be reinstated at Grace Hill building and FHDC supports Creative Folkestone’s proposal for the building and service.
- Should Kent County Council rule out the Grace Hill building then FOLCA 2 may provide an alternative town centre location which could meet service requirements subject to further clarification.
- Autumn 2028 is a realistic timeline for construction works to have concluded and space to become available in the FOLCA building.

## 6. **Critical Success Factors and Key Considerations**

6.1. The Council established criteria within the 2024 consultation which set out the approach to appraising options for the future of the library service:

6.2. **Service requirements:** Does the option meet the Library, Registration and Archive (LRA) service requirements? These requirements are covered in more detail below:

- **Location:** It is important to be somewhere really visible and accessible, which is why high-street locations will generally be our preference as this is where most people will go or be able to get to. Libraries can also play an important part in wider high-street regeneration. As a rule, we want to be in a location that lots of people will naturally pass so that we can advertise and be visible for those who are not yet users of the service with the desire that they do become users. Where the best location is in a community may change over time and we should always keep this under review.
- **Space:** We need adequate space to meet service needs and is affordable for KCC.
- **Partnership potential:** The LRA service is in general keen to co-locate with other customer and community services. This brings more services to people in one convenient place but also has the potential to increase the take-up of library and other services for those who don’t currently use them. This has the wider potential to maximise usage of buildings and where possible enable surplus buildings to be released or disposed off where no longer needed which can support revenue budget savings and also generate capital receipts.

6.3. **Financial:** How much will it cost KCC, both in terms of capital and revenue both short and long term? Does the option rely on securing grant funding? If so, what

timescales are associated with this? Will the option generate any income for KCC, given the already-described financial challenge facing the Council?

- 6.4. **Deliverability:** Can the option be delivered and what is the timeline for delivery?
- 6.5. **Environmental:** Does the option reduce the carbon footprint therefore supporting KCC's net zero target?
- 6.6. These criteria continue to be valid for the appraisal of options currently identified. These criteria also formed the basis for the letter sent to community groups who expressed an interest in bidding for the Grace Hill building as part of the Asset of Community Value process.
- 6.7. While the prospect of Local Government Reorganisation (LGR) does have an impact on how services will be delivered in the future, it is not considered to have a material impact on the current necessary decisions in Folkestone in respect of the library service. As a principal town within Kent it is considered that the need to deliver a comprehensive library service from a town centre location will continue to be a necessity for whichever local government entity inherits statutory responsibilities for the delivery of library services.

## 7. Options:

- 7.1. At the time of drafting the following remaining options are under consideration. Options 1A-C relate to the progressed option: "To exit the Grace Hill building and find an alternative town centre location for the LRA service", and option 2A relates to the progressed option: "Selling or issuing a long lease of the Grace Hill building to another party, and then leasing back part of the building":
  - 7.2. **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.**  
**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.**  
**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.**
  - 7.3. **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.**
- 7.3. A detailed appraisal of each of these options is set out in appendix D, with a summary provided below:

- 7.4. **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 library and registration facility in Folkestone town centre.**
- 7.5. **Service requirements:** The Sandgate Road building is in the town centre, and works have been specified to ensure the building would be spatially adequate to provide the full remit of library and registration services in this single location. The building's size and location will allow co-location with KCC's Adult Education service and other office-based staff.
- 7.6. **Financial:** Works are already specified and budgeted to convert the building to facilitate its temporary use as a library per decision 24/00116. Some additional capital expenditure may be required to upgrade provision if it is confirmed at any future point as the permanent Library and Registration facility in the town. The building will operate within existing revenue budgets allocated to the co-locating services.
- 7.7. In respect of options 1A-C, all recognise that there is a need to dispose of the Grace Hill building if an alternative town centre site is selected. The disposal of the Grace Hill building will generate a capital receipt for reinvestment back into the Council's adopted capital priorities, it will also reduce revenue expenditure holding the building vacant which is projected to cost over £100k pa.
- 7.8. **Deliverability:** A 15-year interest in the Sandgate Road building has already been secured, and works are currently underway to convert the building for use by co-locating services with a view to completion Spring 2026.
- 7.9. **Environmental:** The building has an EPC-A 25 rating and ensures spatial allocations to services are optimised in line with the Council's Asset Management Strategy which emphasises the need to improve the efficiency of the estate.
- 7.10. **Conclusion:** For the reasons above and set out in appendix D this option is identified as the preferred approach.
- 7.11. The Council will remain open to considering options as part of its ongoing approach to asset management which is set out in detail in subsequent sections of this paper.
- 7.12. **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.**
- 7.13. **Service requirements:** FOLCA is located within the town centre, and it is understood that sufficient space is likely to be available to meet the library and registration service's needs once the project is completed. There is the potential that other public sector services will operate from the building which would be of benefit to service users.

7.14. **Financial:** It is understood FHDC's intention is to pursue a Cat A fitout standard. Therefore, the necessary level of capital investment which the Council would need to make into the building is likely to be limited.

7.15. Revenue implications are addressed in the exempt appendix. It is projected that it would be less costly to occupy than 2 Grace Hill, but more costly than 14 Sandgate Road.

7.16. The financial benefits of exiting the Grace Hill building are outlined under option 1A.

7.17. **Deliverability:** It is understood FHDC intend to take further decisions in Q4 2025/26 which will inform the next steps of the FOLCA project. Subject to these, it is understood that it is likely FOLCA will be capable of occupation from Q3 2028/29.

7.18. **Environmental:** 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. Relocation to FOLCA would allow the Council to ensure spatial allocations to the library and registration service were optimised to ensure efficient use of the estate.

7.19. **Conclusion:** At present it is premature to confirm the Council's approach to FOLCA occupation, and this option should be discounted. The Council remains open to considering options as part of its ongoing approach to asset management. Should further information become available in respect of space available within the FOLCA building this will be considered in the future as part of the Council's asset review process.

7.20. **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.**

7.21. **Service requirements:** This option would ensure town centre provision, but in the absence of an identified alternative site it is not possible to assess the full service implications. An extensive site search was carried out as part of the identification of the 14 Sandgate Road property which was selected as the most appropriate option for the enhanced temporary library provision. No other suitable available sites were identified.

7.22. **Financial:** The financial implications are unknown. But it would be reasonable to assume that alternative town centre venues would be offered on market terms close to those associated with 14 Sandgate Road and FOLCA.

7.23. The financial benefits of exiting the Grace Hill building are outlined under option 1A.

7.24. **Deliverability:** While it is likely that other town centre opportunities will come forwards it is not possible to estimate the likelihood or timescales attached.

7.25. **Environmental:** While this option would allow the Council to ensure the spatial requirements were optimised to ensure efficiency of the estate, the EPC rating of alternative sites is not known.

7.26. **Conclusion:** The Council has no rationale for selecting an alternative town centre venue when alternative town centre options under 1A and 1B are better defined. But the Council remains open to considering options as part of its ongoing approach to asset management.

7.27. **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.**

7.28. As noted earlier in the paper, all three community groups who submitted an Expression Of Interest as part of the ACV process, in addition to Creative Folkestone, were contacted in advance of marketing activity to clearly set out the Council's expectations of the level of detail which would be required to adequately assess any bid based on the criteria formalised as part of the public consultation exercise.

7.29. **Service requirements:** The Grace Hill building is the current site of the library service, it is located outside of the immediate town centre, and in closer proximity to more deprived areas of Folkestone. This was highlighted by multiple respondents to the public consultation as a key factor.

Spatially the proposed area of the ground floor of the building is adequate for the library and registration service, subject to further revisions on layout.

In terms of partnership potential, the possible co-locating with creative / arts based individuals and organisations aligns with the Council's aspirations for co-located local government and third sector services.

7.30. **Financial:** Creative Folkestone's proposal suggests a figure of c£6.5m is needed to repair and reinvent the building as a multi-purpose cultural hub. It is indicated that external grant funding could be secured to fund these works as part of a wider £10m bid towards Creative Folkestone's Creative Campus vision.

7.31. The Council has consistently maintained and reiterated in key decision 24/00116 that it would not be in a financial position to make any capital contribution towards the proposal.

7.32. The estimated hold costs of the Grace Hill building are c£100k pa. Creative Folkestone have requested an 18-month period in which to secure funding.

7.33. Creative Folkestone's proposal signals a willingness to adopt a legal arrangement which complies with 24/00116 in respect of ending the Council's ongoing commitment to repair or maintain the building, however no terms or conditions are outlined in the proposal for the Council to evaluate. Nor is any rent or capital payment outlined which would allow the Council to assess

compliance with its s123 Best Consideration duties under the Local Government Act 1972.

- 7.34. While a high-level revenue model has been supplied with the proposal it is not clear whether the assumptions in the model are deliverable, including a 90% occupancy assumption across the multi-let spaces.
- 7.35. The proposal states that Creative Folkestone would take the lead in managing the ongoing risk and maintenance of the building, however in a scenario where the Council took a lease of the Ground floor its liabilities would remain through service charge contributions. There is therefore a strong link between the level of capital investment / refurbishment, and the level of service charge liability future occupiers would be exposed to.
- 7.36. **Deliverability:** While the Council recognises Creative Folkestone's highly successful track record of securing funding and delivering artist-led regeneration schemes in the town, there remains significant risk and uncertainty attached to the likelihood that such a significant amount of funding could be raised within the requested 18 month period. The ability to source external funding is intrinsic to the deliverability of the proposal.
- 7.37. The proposal anticipates that the Council will remain exposed to the statutory responsibilities and financial implications of managing the Grace Hill building during the grant seeking period.
- 7.38. **Environmental:** The Grace Hill building is currently rated as an EPC C – 73. The scope to improve this rating will be constrained by the listed nature of the building.
- 7.39. The proposal that the Council reduces its operational footprint within the building is however aligned to estate efficiency aspirations set out in its adopted Asset Management Strategy.
- 7.40. **Conclusion:** In summary the proposal from Creative Folkestone does not align with KCC's key decision in January 2025 with particular regard to clearly demonstrating how the Council relinquishes its ownership and ongoing building maintenance liabilities.
- 7.41. As outlined in this paper, the Grace Hill building suffers from significant condition issues, and the fabric of the building continues to deteriorate. The hold liabilities associated with allowing Creative Folkestone a further 18-month hold period are projected to exceed £100k pa due to the listed nature of the building and its deteriorating condition.
- 7.42. All community groups, including Creative Folkestone, were written to, clearly outlining the information which would be required as part of a bid to enable the Council adequately to appraise the terms and the risks. The proposal received from Creative Folkestone does not sufficiently address the points requested.
- 7.43. The proposal does not set out legal and contractual details, nor does it set out any capital purchase price or rental payment to the Council to enable the Council to assess whether the proposal complies with its adopted approach to

asset management, its best value duties, or its statutory obligations in respect of asset disposals.

- 7.44. Given the Council's current financial situation and its fiduciary duties to all residents of Kent, the Council acknowledges that despite best endeavours it has not been possible to secure any sufficiently certain proposal for the Grace Hill building.
- 7.45. As such, and for the reasons also set out in the attached appendix, it is considered that option 2A does not provide sufficient confidence for the Council to accept the risks associated with the approach. Nor does it ensure that there is a clear plan in place for a sustainable and comprehensive library and registration service in Folkestone town centre. Therefore, for the reasons above, and set out in the appendix, it is discounted.
- 7.46. By proceeding with Option 1A the Council continues to provide Creative Folkestone, or other community groups, with the opportunity to acquire the Grace Hill building transparently via the open market.

## **8. Opportunity for review**

- 8.1. As part of the Council's approach to asset management the Asset Strategy team regularly review upcoming lease break options. For 14 Sandgate Road the first break option for the Council is projected to be in December 2030. The Asset Strategy team typically begin their review 18-24months in advance of break date to provide adequate time to implement alternative arrangements if these are considered preferential.
- 8.2. Therefore, there is a point in late-2028 during which the Council has a window to consider the future of the Folkestone Town Centre library service, and based on the information provided by stakeholders, this coincides with further information becoming available in respect of FOLCA.
- 8.3. This also provides an opportunity for any future purchaser of the Grace Hill building, who may be minded to independently pursue a mixed occupancy development to make provision for space which could be occupied by the Library and Registration service, for consideration in the future by the Council.
- 8.4. At the time of drafting Folkestone town centre has been without a comprehensive Library and Registration service for three years, and by Q3 2028/29 this will be six years.
- 8.5. It is therefore considered necessary to give the residents of Folkestone comfort that a sustainable and comprehensive Folkestone Library and Registration service is in place by confirming that for the foreseeable future the Sandgate Road building will be used to provide the Library and Registration service, and that KCC remains open to viable and deliverable alternatives as part of its ongoing asset management activities.
- 8.6. The potential late calendar-year 2028 review of options would also allow for a scenario in which Creative Folkestone, or other community groups, could

continue to independently develop community provisions capable of providing alternative space for the library service. This would allow the Council to take an informed view of options in full sight of necessary information.

## **9. Financial Implications**

- 9.1. The selected option 1A will ensure that the Library and Registration service is delivered from a sustainable premises capable of operating within currently adopted revenue budgetary constraints.
- 9.2. The disposal of the Grace Hill building will generate a capital receipt for reinvestment back into the Council's adopted capital priorities. It will also limit the Council's revenue exposure in respect of holding costs estimated to be in the region of £100k pa.

## **10. Legal implications**

- 10.1. The Council will need to engage suitably qualified legal support to assist with implementation of the decision. This will be arranged through the Council's Office of General Counsel.
- 10.2. Cabinet Committee is asked to note KCC's ongoing statutory duty under the Public Libraries and Museums Act 1964 'to provide a comprehensive and efficient library service' for all those who live, work or study in the area. Officers consider that the enhanced temporary library provision at Sandgate Road Building meets this duty. The proposed decision will ensure that the Council is able to demonstrate its compliance with this duty.
- 10.3. The Committee is also asked to note the legal requirement that KCC gives conscientious consideration to consultation responses. The Council has done so throughout its previous decision making. Committee Members should give careful thought to the analysis of previous consultation responses in this report and appendixes
- 10.4. KCC must comply with the Public Sector Equality Duty in s. 149 of the Equality Act 2010. Cabinet Members are referred to the Equality Impact Assessments (EQIA) at Appendix E.
- 10.5. The statutory requirements relating to the status of the Grace Hill building as an Asset of Community Value are covered above.
- 10.6. The Council has an overarching duty under s123 of the Local Government Act 1972 to obtain best financial consideration in the disposal of surplus property assets. For the purposes of the act, disposal includes the granting of leases more than seven years.

## **11. Equalities implications**

- 11.1. An EqIA has been undertaken for the earlier decision. A further EQIA has also been completed for the further temporary provision on Sandgate Road and both EQIA's are included as Appendix E to this report. The key findings from this support the recommendations of this paper:

- KCC is committed to providing a full town centre library service for everyone. This is restated to mitigate any concerns raised that certain customer groups e.g. children would be disadvantaged.
- There was feedback that any move of the library away from Grace Hill may increase the distance from the immediate area and make the service less accessible for those with age, disability, mat/paternity, or carer protected characteristics in that area. Whilst the immediate location in Grace Hill does have high levels of deprivation, it is considered that a high street location does have the advantages of greater accessibility across the district as a whole. The Sandgate Road building is located 0.2 miles from the Grace Hill building
- 14 Sandgate Road provides open and level access throughout the building from the High Street. The library and Adult Education services can also all be offered and delivered on the ground floor.

## **12. Data Protection Implications**

12.1. There are no direct data protection implications arising from the proposed decision.

## **13. Governance**

13.1. The decision is to be taken by the Cabinet Member for Community and Regulatory services due to direct link to the Library and Registration service provision.

13.2. Delegations are to be granted to the Director of Infrastructure in consultation with the Deputy Leader given that the implementation of the decision requires property-led activities.

## **14. Conclusions**

14.1. This paper outlines options currently available to the Council in respect of the Folkestone library service, and the risks associated with each. It concludes that the Council does not have sufficient detail to accept Creative Folkestone's proposal for a joint partnership approach despite best endeavours.

14.2. Therefore, the paper outlines the preferred option to confirm that 14 Sandgate Road will provide the Library and Registration service in Folkestone town centre for the foreseeable future.

14.3. The paper notes that no sufficiently certain option for the retention of the Grace Hill building has come from the Asset of Community Value and open marketing process, and therefore as part of the Council's adopted policies and fiduciary duty to residents, open market disposal will take place in Q4 2025/26 to deliver a capital receipt and minimise revenue hold cost expenditure. This provides Creative Folkestone or other community groups the opportunity to secure an interested in the building under open market conditions and to independently progress their proposals.

14.4. The paper notes that as part of the Council's normal asset management activities there will be an opportunity in late 2028 to review future options for the

library service which can be compared against continued occupation of 14 Sandgate Road.

14.5. Importantly the paper sets out a route forwards which provides confidence to the people of Folkestone that a comprehensive and sustainable Library and Registration service provision will be provided by Spring 2026 and will continue to be in place for the foreseeable future. Ensures compliance with the Council's statutory obligations and alignment with adopted policy, including its Asset Management Strategy. while providing an opportunity for Creative Folkestone, and other community groups to independently pursue options which may provide alternative space for the library service in the future via direct acquisition of the Grace Hill building as part of the Council's disposal process.

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## **15. Recommendation(s):**

The Cabinet Member for Community and Regulatory Services is asked to agree the proposed decision as set out in the Proposed Record of Decision (PRoD), (Appendix A).

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## **16. Appendices**

Appendix A – Proposed Record of Decision

Appendix B- (1) Folkestone library decision paper taken to Growth, Economic Development and Communities Cabinet Committee in January 2025 and (2) key decision [25/00116](#).

Appendix C – Creative Folkestone's submitted proposal (exempt)

Appendix D – (1) Options appraisal and financial summary (2) Exempt addendum to appendix D

Appendix E –( 1) EqIA supporting 24/00116, (2) Sandgate Road temporary library EqIA

## **17. Contact details**

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