

From: Gary Cooke – Cabinet Member for Corporate & Democratic Services

David Cockburn, Corporate Director of Business Strategy and Support

To: Policy & Resources Property Sub Committee – 11 July 2013

Decision No: 13/00040

Subject: The taking of a lease over 20 years duration from Swanley Town Council of the whole property known as Swanley Library, London Road, Swanley, Kent to facilitate the creation of the new Swanley Gateway.

Classification: Unrestricted

Past Pathway of Paper:

Future Pathway of Paper:

Electoral Division: Swanley

**Summary: This report considers the background and options for the future of Swanley Library and seeks endorsement from the Property Sub Committee to take a new long lease of the entire building.**

**Recommendation: The Property Sub Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to surrender the existing long lease of the ground floor of Swanley Library and take a new similar length lease of the entire building to expire in 2025, to facilitate the creation of a new Gateway with Swanley Town Council as Partners.**

## 1. Introduction

1.1 KCC is freehold owner of the site identified by red edging on Plan 1. The site was leased to Swanley Town Council (STC) in 2004 for a term of 126 years, expiring on 31 May 2125. The building was largely constructed by STC in 1999 and KCC occupy part under a similar contemporaneous lease from STC, for use as a library. The creation of Swanley Gateway has been a long term aspiration for KCC and Swanley Town Council. Discussions have been held over a number of years and it has been agreed that the entire building will be refurbished to facilitate the creation of a new Gateway.

## 2. Financial Implications

2.1 Approval to plan has been given for KCC to make an investment of approximately £600,000 in order to modernise and improve the existing

fabric, subject to internal approval processes. The investment will ensure the building complies with DDA standards and increase occupation to generate income. The final costings for the Gateway project are dependent on the detailed design which is not yet finalised and partners will be required to make an appropriate contribution.

- 2.2 There will be no rent payable by KCC for the entire building for the duration of the life of the Gateway, therefore KCC will save the current £24,800 pa contribution it makes to STC under the current library lease. If the Gateway (or similar) ceases to exist and a market rent becomes payable to STC, KCC's benefits under the current lease will be preserved.
- 2.3 The taking of a long lease on favourable terms by KCC will be a significant capital asset and to mitigate any increase in revenue costs, it is intended that there will be full cost recovery from occupiers, including a contribution towards shared areas. Hiring opportunities with third parties will be pursued in order to contribute towards KCC's increased costs.

### **3. Bold Steps for Kent and Policy Framework**

- 3.1 The Swanley Gateway project is consistent with KCC strategic policy in the following ways:
- 3.2 Bold Steps for Kent (2010)
  - 3.2.1 Building new partnerships at the district level
  - 3.2.2 Building a new partnership with the voluntary sector
  - 3.2.3 Putting the Citizen in Control
  - 3.2.4 Organisational Design Principals
- 3.3 Vision for Kent 2012-22
  - 3.3.1 To tackle disadvantage
  - 3.3.2 To put citizens in control
- 3.3 Customer Services Strategy 2012
- 3.4 New Ways of Working
- 3.5 Customer Services Division Business Plan 2013/14
- 3.6 Libraries, Registration and Archives Annual Operating Plan 2013/14
- 3.7 Library & Archive Strategy 2004 to 2014 – 3.2 (ii)
- 3.8 Future Library Service
- 3.9 Gateway Annual Operating Plan 2013/14
- 3.10 Family and Social Care Annual Operating Plan 2013/14

### **4. The Report**

- 4.1 The refurbished building will provide a fully functioning fit for purpose Gateway that meets customer needs and delivers an equitable financial position to both STC and KCC. As STC is unable to provide capital funding for the Gateway project, it has agreed that the building will be its contribution and so it will grant KCC a long lease to expire on 31 May 2125, of the whole building at nil rent for the duration of the Gateway Project. This will give KCC greater control over the management of the building. The proposed Heads of Terms are as outlined in Appendix 1.
- 4.2 The status quo is not considered to be a realistic option as the building does not currently meet customer needs; it is not managed to its full potential and this cannot be sustained financially. If the Gateway project does not go ahead STC are likely to be looking for another long term solution as they have indicated that the status quo cannot be maintained.
- 4.3 The option of creating a first floor extension for occupation by West Kent Housing Association was considered but the alternative solution of refurbishing and leasing the first floor office accommodation is considered to be the simplest and most cost effective option.
- 4.4 Although the proposed action would result in an increase in the County Council's leased portfolio, the net effect should be cost neutral as the costs will be shared with other occupiers.
- 4.5 The Director of Property will need to enter into a contract for the refurbishment project on behalf of KCC; approve terms for the granting of a 15 year lease from KCC to WKHA under delegated authority and recommend the taking of a long lease from STC, subject to satisfactory terms being agreed.
- 4.6 The risks associated with the Swanley Gateway project as a whole include;
1. Securing the necessary leasehold agreements and capital investments and meeting timelines;
  2. All costs coming in within budget;
  3. KCC's costs increasing due to taking over the repair, maintenance and running costs of the entire building under the new long lease from STC and occupier contributions are not sufficient and/or voids occur.
- 4.7 KCC Members Roger Gough and Robert Brookbank have been fully consulted as have Members of Sevenoaks District and Swanley Town Councils.
- 4.8 The next steps are for the capital input to be secured, the detailed design to be worked up and final agreement on the terms to be reached with Swanley Town Council so an agreement for lease can be secured. The draft programme has the works starting in 2013 with completion due in April 2014.

## **5. Conclusions**

The proposal to take a long lease from STC will enable the Gateway project to be progressed in line with KCC's strategic policy to provide a modern fit for purpose facility to meet customer needs. It should be noted that no decision will be taken in respect of the lease until the project has received approval to spend in accordance with the Council's processes.

## **6. Recommendation**

**Recommendation: The Property Sub Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Corporate and Democratic Services on the proposed decision to surrender the existing long lease of the ground floor of Swanley Library and take a new similar length lease of the entire building to expire in 2025, to facilitate the creation of a new Gateway with Swanley Town Council as Partners.**

## **7. Background Documents**

7.1 Appendix 1 - Heads of Terms

7.2 Appendix 2 – Site Plan

## **8. Contact details**

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