

TRAFFORD COUNCIL

Report to: Executive
Date: 22nd June 2020
Report for: Decision
Report of: Executive Member for Housing and Regeneration

Report Title

The Disposal of the Hale Library at Leigh Road, Hale (Library Site) and the 'Pavilion' building at the bowling green on Ashley Road in Hale (Pavilion Site).

Summary

This report seeks approval from the Executive to proceed with the revised scheme from that set out in the Executive Member decision of the 28th May 2015 for the provision of a new library and other community facilities within Hale funded through the redevelopment of the existing Library site at Leigh Road.

Recommendation(s)

It is recommended that the Executive: subject to satisfactory due diligence approved by the Corporate Director of Place:

1. Approves the disposal of the Hale Library site at Leigh Road (Library Site) to the Hale Community Trust (HCT) for £500,000 for the purpose of the redevelopment of the site.
2. Approves the disposal of the Pavilion Site by way of a 125 year lease at nil rent to HCT and the leaseback to the Council of the new library facility for 125 years less 10 days.
3. Approves the deferred payment of the £500,000 purchase price
4. Approves the temporary re-location of Hale Library during the construction of the new library facility at the Pavilion
5. Delegates authority to the Corporate Director of Place in consultation with the Corporate Director of Governance and Community Strategy to agree the terms of the disposals and leases
6. Delegates authority to the Corporate Director of Governance and Community Strategy to enter into the requisite legal documentation to dispose of the property to Hale Community Trust and take a lease of the new library.

Contact person for access to background papers and further information:

Name: Tim McGreavy
Extension:

Background Papers: None

Implications:

Relationship to Corporate Priorities	<i>Revenue cost savings of the new Library facility and a capital receipt from the sale of the Land at Leigh Road</i>
Relationship to GM Policy or Strategy Framework	<i>Supports GM policies for sustainable development.</i>
Financial	<i>The capital value of the land is estimated to be £900k, The proposed sale value is a discounted value of £500k which will not be received by the Council until the residential units are sold. The deferment of the receipt transfers a proportion of the development risk to the Council. This risk is mitigated to some extent as described in 1.4.3. in the body of the report.</i> <i>The deferment also increases the borrowing requirement and costs of the Council during the deferment period. The capital receipt from the sale of the land will be used to support either new capital expenditure or to repay debt. The new purpose designed and built library and community facility will deliver a small revenue saving of £55k per annum compared to the existing budget for the two separate facilities.</i>
Legal Implications:	<i>The Council will need to ensure that the leases and agreement being entered into fully protect the Council's interests, in particular the grant of a lease of the new library facility and the security of the deferred payment</i>
Equality/Diversity Implications	<i>The new facility is purpose built and DDA compliant and will be available for use by community groups as well as existing library users.</i>
Sustainability Implications	<i>All sustainability issues will be considered as part of the ongoing design and development phases.</i>
Resource Implications e.g. Staffing / ICT / Assets	<i>The procurement and delivery stage will be managed by the Property and Development team to ensure the assets are delivered to the end user requirement of the Library Services team</i>
Risk Management Implications	<i>Risk of inability of Developer to complete transaction, but this will be managed by a robust contract</i>
Health & Wellbeing Implications	<i>All Health and Wellbeing issues will be considered as part of the ongoing design and development phases.</i>
Health and Safety Implications	<i>All H & S issues will be considered as part of the ongoing design and development phases.</i>

1.0 Background

- 1.1 On the 25th March 2015 the Executive approved a proposal to proceed to invite formal tenders for the redevelopment of the Hale Library site on Leigh Road, Hale. Consequently expressions of interest were sought to assess the market appetite for the disposal of the site and the reprovision of a library facility. The options proposed for consideration for the new library were for the provision either on the existing site or an alternative site in Hale and for either a permanent new building or a temporary facility to be provided until 2017.
- 1.2 On 28th May 2015 the Executive Member for Transformation and Resources agreed to the disposal of the Library and Pavilion sites to the preferred bidder Hale Community Trust and Hillcrest Homes. The bid allowed for the re-provision of the library in a re-built pavilion. The library would be handed back to the Council on a 125 year lease on a peppercorn rent, with Hale Community Trust being responsible for toilets, pavilion and other community facilities. The new building was to be funded by a residential development on the existing library site, which would also provide a land receipt to the Council of £900,000.

- 1.3 Following the confirmation of Hale Community Trust and Hillcrest homes there has been an extensive period of negotiation and collaboration on the form of development on both sites and the financial return to the Council. Planning applications were submitted in November 2017 and subsequently withdrawn on 5th February 2019. New applications for both sites, 97376/FUL/19 and 97375/FUL/19, were validated on 8th April 2019 and 10th April 2019 respectively and approved at planning committee on 9th August 2019. The revised planning application reduced the size of the development from that originally envisioned.
- 1.4 Since the original decisions in 2015 there have been a number of key changes predominately driven by changes in the scale of the residential development. The objectives of the proposal and the fundamentals of the original submission, in relation to residential development on the existing library site cross-funding the development of a new library and enhanced community facilities managed by Hale Community Trust, remain unchanged. The changes are summarised below;
- 1.4.1 In 2015, Hillcrest Homes and Hale Community Trust were appointed as the preferred bidder. Hillcrest Homes and Hale Community Trust bid as a consortium but have since dissolved their arrangement by mutual agreement. Hale Community Trust has committed to continue in its provision of the scheme and has engaged Westshield Ltd to replace Hillcrest as developer. Westshield Ltd have an equal capability to finance and deliver this form of development. Hale Community Trusts involvement in relation to the new library and community facilities remains unchanged.
- 1.4.2 A revised offer of £500,000 for the Leigh Road site; all other elements of the original submission being unchanged. DTZ provided a valuation of the Library site in November 2014 of £870,000. However, the proposed new Library and Community facilities at Ashley Road will provide revenue savings for Trafford Council from reduced running costs of £45,000/annum and also revenue savings of £10,000/annum from the ongoing costs of repair and maintenance liability. The Council will also no longer be responsible for the maintenance of public toilets and the bowling/elderly welfare pavilion. The Council will also benefit from the Council Tax of the 8 new dwellings, business rates and new homes bonus. On this basis whilst the sale of the current library site will be at an undervalue for the site on its' own, the disposal provides a social and economic benefit to the Council in addition to the capital receipt and revenue savings.
- 1.4.3 The previous Executive decision accepted a deferred payment of the capital sum until all residential sales had been completed. This would be following an extended contract period of two and a half years. This period allowed for the construction of the Library building first followed then by the residential scheme. This new proposal is to build both schemes concurrently which consequently reduces the contract and sales period to 18 months. The Council will therefore receive its capital receipt 12 months earlier. By way of further security and to ensure delivery of the Library no residential sales would complete until the library has been delivered. A step in agreement in favour of the Council is also incorporated into the draft legal agreements.
- 1.4.4 Library services have agreed a preferred location for a temporary library, which would enable development of both sites to take place concurrently, of

the former RBS Bank; with a potential alternative location within the Crown Passages development. The relocation costs of the library to a temporary facility are funded by Westshield.

1.4.5 Westshield Ltd and Hale Community Trust to engage through a formal Pre Planning agreement with the Local Planning Authority to submit a section 96a (NMA) application to deliver both Works sites at Leigh Road and Ashley Road concurrently, together with an application to discharge the conditions on the current approved planning permissions of the 8th and 9th August 2019

1.4.6 It is now proposed to grant a lease of the Pavilion site so the Council can take back control and step in if community use stops/Hale Community Trust becomes insolvent – under the previous approvals Hale Community Trust would have had the freehold and all obligations to maintain.

1.5 The anticipated start date in June 2020 provides sufficient time to manage the library relocation, discharge planning conditions and apply for planning permission for a site compound to be located at Cecil Road car park. It is currently anticipated that both sites will be completed by June 2021.

Other Options

1. Do nothing – keep current library

The original proposal for the current Hale Library was closure due to its proximity to Altrincham and Timperley Libraries and the fact the building was costly to upkeep. Hale Community Trust formed in order to keep Hale Library open and provide a newer library in a different location. Since the original proposals a new library has opened in Altrincham and a new library will open late 2020 in Timperley. The proposed approach maintains library services, in a new building, whilst also providing a financial saving to the Council.

2. Close Library and dispose land for development

The Executive could determine to close the existing library and dispose of the land development, which may generate a higher land receipt, potentially up to circa £900,000. However, it would also reduce the requirement to defer payment of the capital receipt, which carries a risk and increases borrowing requirements. However, it would reduce library provision in the Borough by one and the Council would still be required to fund and maintain the existing bowling pavilion and public toilets.

Consultation

Two stages of public consultation for the libraries service have previously been undertaken and are set out in the report to the Executive of 25 March 2015. Extensive consultation has taken in respect of the development both prior to and as part of the planning applications. No further consultation is required at this stage.

Reasons for Recommendation

Implementation of the recommendation will allow for the provision of a new library and other community facilities within Hale, funded through the redevelopment of the existing library site. The development will produce a deferred capital return for the Council which, once received, will support the delivery of the Council's strategic objectives across the Borough. The proposal will also provide small revenue savings for the Council as future maintenance liabilities and running costs for the building will be covered through the development agreement and there will be no on – going liability to the Council.

Urgency of Decision No

Key Decision: Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance (type in initials)...NB.....

Legal Officer Clearance (type in initials)...DS.....

[CORPORATE] DIRECTOR'S SIGNATURE

(electronic).....



To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.