

Community Library Proposals

Evaluation of Proposal and Recommendation

Name of Library	Polegate
Community Organisation	Polegate Community Library (PCL)
Type of Organisation	Charitable Incorporated Organisation (CIO) - proposed
Summary of Proposal	<p>ESCC owns Polegate Library. In 2018 the Panel recommended approval to the Lead Member for Resources for a proposal from Polegate Town Council (PTC) to fund ESCC for three years to continue to operate the Library as it was whilst it was part of the Library and Information Service. This would have entailed ESCC operating under an SLA to the Town Council, providing all of the key elements of the current service, including staffing, stock, People's Network computers etc. This proposal was agreed by the Lead Member for Resources on 21 June 2018.</p> <p>Since the decision was taken by Lead Member, ESCC has been in discussion with PTC about taking the proposal forward, and a considerable amount of preparation work has been undertaken, including production of a draft SLA. However, at the end of February PTC advised us that they had agreed not to go ahead with the SLA. Instead, they were supporting a management group that had been set up by PTC to explore all of the options for the library. This management group would be known as Polegate Community Library (PCL) and would establish a CIO to run the library on PTC's behalf, and for PTC to act as guarantors.</p> <p>The revised proposal ESCC has now received is for PCL to operate a volunteer-run community library independently of ESCC with a fully-repairing and insuring five year peppercorn lease arrangement for the building, a selection of stock, and the fixtures</p>

and fittings currently in the library. Note that the new proposal is for five years whereas the original proposal was for three years.

ESCC spent approx. £15,000 per annum running the library (excluding staff costs). The estimated running costs for the proposal are £21,532 for Year 1, £27,839 for Year 2 and £15,563 for Year 3. PCL's costs are higher because they include an element of capital expenditure.

Costs are expected to be met in part by a grant from PTC in Years 1 – 3 (£17,000 in Years 1 & 2, £10,000 in Year 3) whilst other grants and funding are applied for. A letter of intent from Polegate Town Council is included in the proposal.

The CIO are expecting to raise a minimum of £3,000 in additional grants by the end of year 1, increasing to £10,000 in years 2 and 3.

CIO status would reduce the annual expenditure by £6,122 through the claiming of 100% relief in business rates.

All setup costs (e.g. Computer hardware), would be a one-off. The net cash-flow in Year 1 is expected to be £573, increasing to over £6,000 in Year 3.

There is an assigned budget of £10,000 for repairs/renewals in Year 2.

The aim is for PCL to be self-sufficient by the end of Year 3.

It is assumed that any shortfall between income and expenditure would be managed by limiting the capital expenditure to the available budget.

Property issues

This is an ESCC owned building. In 2017, the Head of Property Operations advised that the site had a value of approximately £400k, with planning permission for three pairs of 3 bedroom semi-detached dwellings and the building had a potential annual rental income of £15k, again subject to planning permission. Any decision to grant a peppercorn lease to PCL instead of an immediate

sale of the site would therefore defer a capital receipt to ESCC and result in a loss of potential rental income of £15k per annum.

It was also noted in 2018 whilst the original proposal for a Community Library was being considered, that the Polegate Library site is a relatively large site which would (subject to planning permission) enable it to accommodate a range of future uses, and that several alternate and competing proposals for the site (housing, medical, community etc.) had been mooted.

This would leave ESCC with the option at the end of the lease period to sell the freehold or to consider an alternative use of the site. Given that, it was recommended that both parties fully recognise that beyond any agreed lease term, alternate building provision may be required for the Community Library, with ESCC having no obligation to provide/fund same and able to deal with its asset without compromise or call on funds. It was therefore recommended that any lease would be granted to exclude security of tenure.

ESCC's Property Team advise that nothing has changed substantively in terms of the advice given when the initial proposal was considered by the Panel in 2018.

The view of the Head of Customer and Library Services is that a three year fully-repairing peppercorn lease (as opposed to the five year lease proposed by PCL) would be preferable. This would recognise that this is a valuable site, in which there appears to be most interest for future uses. This is in line with the initial proposal from PTC, recognising also that almost a year has elapsed since June 2018 when Lead Member approved entering into a lease for the original proposal.

Property note that we seek to generate appropriate value returns from all retained assets, so it cannot be simply assumed we will agree to a nominal rent beyond a given/agreed period.

- Recommendation
- The Head of Customer and Library Services has evaluated the proposal and considers that it is sound and consistent with the Cabinet decision on Community Libraries of 6 March 2018. The Panel is recommended to:
- (i) consider whether it feels that a three year fully-repairing peppercorn lease or a five year fully-repairing peppercorn lease with a six month break clause any time after the third anniversary would be more appropriate than the five year peppercorn lease proposed by PCL, and;
 - (ii) having considered the appropriate length of the peppercorn lease, to endorse the proposal subject to the lease period in (i) above which is deemed most appropriate and;
 - (iii) endorse the proposal to enter into an arrangement for a selection of stock, fixtures and fittings to be loaned to PCL free of charge for the duration of the peppercorn lease.

Panel Decision

The Panel endorses the granting of a full repairing and insuring lease to the Polegate Community Library (PCL) Charitable Incorporated Organisation (CIO) on a peppercorn rent for a three year period, with a break clause after year two for ESCC (with six months' notice), in order that PCL may operate a Community Library in the former Polegate Library building.

The Panel further endorses the proposal to enter into an arrangement for a selection of stock, fixtures and fittings to be loaned to PCL free of charge for the duration of the peppercorn lease.