

Divisions Affected – Banbury Grimsbury and Castle

DELEGATED DECISIONS BY CABINET MEMBER FOR FINANCE

12 JULY 2024

PURCHASE OF A PROPERTY IN BANBURY TOWN CENTRE AS A SITE FOR A NEW BANBURY LIBRARY AND OTHER OCC USES

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

The Cabinet Member is **RECOMMENDED** to

- a) **Approve as a key decision the purchase of a property in Banbury Town Centre for the purposes of re-providing Banbury Library and other Oxfordshire County Council (OCC) uses.**
- b) **Delegate authority to the Executive Director of Resources and Section 151 Officer, in consultation with the Director of Property and Assets; Director of Law & Governance and Monitoring Officer; and the Cabinet Member for Finance to consider Officer recommendations and agree the final purchase price and terms.**

Executive Summary

1. The current Banbury Library is in a building leased by the Council, which is too small, in a poor location, listed, in poor condition and is considered unsuitable for the delivery of a modern library service. It is considered imperative by the service to move into more viable space. Out of all 45 branch network sites, and following the extensive, evidence-based Libraries Asset Development Plan (2023), Banbury Library has been identified as having the highest strategic priority, in terms of requiring development to make it fit for purpose.
2. An opportunity was previously considered to locate the library on the first floor in Castle Quarry Shopping Centre, owned by Cherwell District Council (CDC). In September 2022, Cabinet approved a Final Business Case (FBC) for a new Banbury Library. This option was discounted in late 2023.
3. From a fresh options appraisal carried out in late 2023 a new opportunity has been identified in an alternative building in the town centre. The building would have enough room to house the library, as well as additional space to fulfill other OCC needs.

4. The property is not actively being marketed for sale and an off-market purchase price has been negotiated with the current property owner, supported by independent valuation. In addition to the purchase price there will be fit out costs and decarbonisation costs. These costs will be offset by revenue savings, income and income potential, creating a payback period of approximately 13 years on the total cost and 7.5 years on the works.

Exempt Information

5. The price agreed is considered exempt information. This is an ongoing negotiation which could be jeopardised if the specific details were available in the public domain.

Background

6. The current Banbury library is in a building leased in by the Council.
7. The Council is secure in its tenancy under the Landlord and Tenant Act; however, the current building is too small, in a poor location, it's Grade II listed, the condition is poor, and it is widely considered unsuitable for the delivery of a modern library service, with issues around the heating system creating Health and Safety concerns. It is considered imperative to move colleagues into a more viable space.
8. The library provides a key community service and is open to the public 52.5 hours a week. The library had almost 79,000 visitors in 2023/24 and over the same period, the library issued c.100k books and provided c.5k individual ICT access sessions for customers. Banbury Library is also a busy validating library providing a key service to OCC residents; this includes, Blue Badges, Parking permits and the EU Settlement supported service. It is the Library Service's fifth busiest library.
9. The library receives class visits from the local primary schools, independent primary schools, and special schools for children with learning disabilities. Public access to computers is provided via 10 adult and 1 children's PC. 10 study tables are in frequent use, more so during the run-up to exams.
10. The decision was made to seek alternative premises in 2021. An opportunity was previously identified to locate the library alongside other facilities in a first-floor unit within Castle Quay shopping centre owned by Cherwell District Council (CDC). In September 2022, Cabinet approved the FBC for a new Banbury Library based on a £3.2m total capital project cost (of this £166k has been spent on the previous scheme). An increase in revenue costs of £176k per annum (from £112,831 per annum to £289,500 per annum). Only £150,000 of these revenue costs were allocated.

11. A recent service decision was taken to complete a fresh options appraisal to identify other opportunities in the Banbury area that would be suitable as a library and flexible OCC space. As part of this work, a suitable property was identified. The building has been inspected by the service and the property team and was considered suitable to pursue further as an alternative option.
12. The property would be the new Banbury Library, but other OCC service needs could be accommodated. These include, but are not limited to, office space for the registration team having to re-locate out of Bodicote House, agile working space for OCC staff including social services, community uses and potential solutions to the current and growing OCC need for storage space.
13. As part of the options appraisal, consideration was also given to staying at the current location. This was discounted as a long-term option as the required maintenance and investment would cost more than £2.0m due to the listing and physical limitations of the property. This option would also retain a leased property, which OCC would have to improve with no long-term benefit, which is not aligned to OCC's property strategy.

Alignment to Relevant Strategy

14. In 2022, OCC developed a three-year Strategic Plan (updated in February 2023) which sets out its vision "to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county".

The Strategic Plan sets out nine cross-cutting priorities and commitments to support this vision's achievement.

15. Priority two is "Tackle inequalities in Oxfordshire". Banbury library supports the population of Banbury and is aligned to priority two. It is extremely important to the service to have a library in Banbury which is currently the fifth busiest library in Oxfordshire due to the social and economic issues the town has.

Banbury has the highest concentration of Black and Minority Ethnic residents in the County, along with Oxford City. Ruscote ward has a notable South Asian community which expanded in the 1950's because of the growth of the town due to the London overspill. There is also high proportion of Eastern European migrants.

16. Priority seven is to "Create opportunities for children and young people to reach their full potential". A flexible and modern library will support local children and residents with spaces for learning.

Cherwell area has the highest number of children who do not speak English as their primary language in Oxfordshire. Banbury includes some of the more deprived areas of Oxfordshire and has 4 areas ranked within the 20% most deprived areas nationally and 6 areas within the 10% most deprived on Education, Skills, and Training.

17. Areas in Banbury are statistically worse than the national average on several public health indicators, including emergency admission to hospital for under 5's, under 15's and under 24's, emergency admissions for stroke/COPD/self-harm and heart attack. The prevalence of diabetes, dementia and depression is also above the Oxfordshire and national average.
18. There are 1,720 children under 16 in low-income families. Banbury's Ruscote ward has 28% child poverty, where the national average is 20.1%. Income deprivation, child development, GCSE achievement, older people in deprivation and poverty, deaths from all causes are significantly worse than the national average.
19. Priority one is "Address the climate change emergency". The current library is in an energy inefficient building and one where we don't have full control as a tenant, meaning there are limitations on what improvements can be undertaken. Moving to a new premises will provide the ability to improve the energy efficiency of the property to meet carbon reduction targets.
20. The release of the existing library is aligned with the OCC Property Strategy approved in 2023, in that it removes an expensive leased in property, especially one that will be difficult to bring up to the standards required to hit OCC's carbon targets by 2030. In addition, due to the size of the property, there will be further opportunities for the release of other OCC buildings as part of the continued asset rationalisation process.

Options

21. Remaining in the current property has been considered however the existing building is Grade II listed and very energy inefficient. In the last four years over £100,000 has been spent on reactive maintenance and this level of expenditure will need to be required in the future. Currently the property has no heating on the top floor where the staff offices are, and the staff have had to relocate to a small room on the ground floor in the winter.

Decarbonisation of the building has been considered and it has been concluded that due to the listing of the building and its physical restrictions, the relevant improvements to provide a carbon neutral property are uneconomical at a potential cost exceeding £2m.

22. Alternative options in the town have been considered and suitable opportunities reviewed. From this work an opportunity has been identified to acquire a building currently not on the market for sale.

The property once acquired will sit on the Councils balance sheet as an asset and will have an exit value. It is also considered that an acquisition now is at a relatively low point in the market, so there should be a potential capital uplift in value over time.

The purchase of new premises also means the sum needed to be spent on the current building, in excess of £2.0m, on a leased in building, can be avoided.

The result of acquiring this space will be a building that OCC own, providing a much needed, fit for purpose, new library space as well as additional, flexible accommodation to meet the needs of the community as well as OCC's internal needs. The purchase of the property is in accordance with the service strategy, property strategy, and OCC policy.

Corporate Policies and Priorities

23. The existing premises falls short of the Council's aims to be an Employer, Partner, and Place shaper of choice, with unfit and costly premises for staff to work and the community to visit. The current site has highly limited co-location potential, and a new proposal provides refurbished premises that would transform customer delivery and partnership (and income) development opportunities. It would provide improved staff morale and increase staff retention; and, most importantly, it will provide a modern, accessible site for the community, far closer to public transport links in the centre of town.
24. This proposal also meets a commitment that we made to CDC to work with them to promote footfall in the town centre. Having the new library opposite Castle Quay shopping Centre and next to the Town Hall will promote foot traffic to this part of the town.

Financial Implications

25. On top of the purchase price there will be additional works required to the property in terms of fit-out, refurbishment and decarbonisation works.
26. We are currently holding Section 106 money which will offset part of the capital cost,
27. The project creates positive revenue implications:
 - The rent paid for the current library space can be saved.
 - The property we are buying generates rental income from a sub-let.
 - The first-floor storage space could be used to replace the leased in file storage unit at Nuffield Way in Abingdon, making further potential saving. This would be in line with not just the property strategy and asset rationalisation strategy, but also the emerging storage and agile working strategy.
 - There is a further area on the first floor, previously used as a cafe, that can be brought back into use, reducing a future revenue pressure of an estimated £40,000 to £50,000 per annum.

- The annual running costs will be similar to those in the current building. Estates hold a further revenue budget for a new library that can therefore be offered back to provide a saving.
- There are also likely to be less reactive maintenance costs, although this cannot be quantified at this stage.

28. The income generation and revenue savings generate a payback of 13 years on the total project cost and 7.5 years on the physical works.

Comments checked by:

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Legal Implications

29. The legal process for the purchase of the property could be handled by OCC in house. As with any purchase transaction, it would involve OCC checking the legal title (including the terms of the sub-let shop lease) then entering a contract with the seller. Normally OCC would want to be confident that the property had the necessary planning permissions for its proposed use (or that they could easily be obtained) before entering the contract. If there was doubt about this, the contract might have to be conditional on obtaining satisfactory planning permission. There is likely to be Stamp Duty Land Tax payable on the transaction.

Comments checked by:

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Staff Implications

30. The service revenue/staffing budget that was approved for the Castle Quay proposal is still held by service and it is proposed to move this across onto this project. There is no additional ask from service at this stage.

Equality & Inclusion Implications

31. This report concerns the replacement of the existing library in a more modern and suitable building. The new building will be more accessible with a town centre shop front and better parking as well as better connections to public transport.

Sustainability Implications

32. The current building has a poor EPC rating and has restrictions on what can be done to improve the situation. The new building has a better EPC rating and with the works proposed the rating be improved further.
33. Grant funding will be sought by the decarbonisation team for works to further improve the property in this regard.
34. Overall, this purchase and the subsequent release of the existing building will assist the council's ability to meet its climate and ecological commitments.

Risk Management

35. The Initial Business Case, which has been through both the Property Capital Board and the Strategic Capital Board has a full, albeit high level at this stage, risk assessment, concluding in a recommendation to proceed with the purchase.

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