

SAWSTON COMMUNITY HUB

To: **General Purposes Committee**

Meeting Date: **15 March 2016**

From: **Head of Strategic Assets and Interim Service Director
Infrastructure Management & Operations**

*Electoral
division(s):* **Sawston**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To seek the Committee's approval to an exchange of
property assets at less than best transaction, to enable
the development of a Community Hub at Sawston Village
College**

Recommendation: **The Committee authorises an exchange of assets at less
than best consideration on the basis of their preferred
Option from those set out in this Report**

<i>Officer contact:</i>	
Name:	Roger Moore
Post:	Head of Strategic Assets
Email:	Roger.moore@cambridgeshie.gov.uk
Tel:	01223 507268

1. BACKGROUND

- 1.1 The Sawston community hub project has been under discussion with Sawston Village College (SVC) since late 2012, when the fire in the Morris Wing of the College (housing the public library) provided an opportunity for the County Council (CCC) to consider providing library facilities that were more fit for purpose as well as to co-locate a number of CCC services in a community hub building to provide a better customer experience and alleviate pressure on space elsewhere.
- 1.2 The new Hub would be built on a site leased from Sawston Village College, who would gain in exchange the part of the Morris Wing previously occupied by the library, and other buildings belonging to CCC. (Sawston VC site plan – **Appendix 1**)
- 1.3 There is a disparity between the financial value of assets considered for exchange and as a consequence authority for a disposal at less than best consideration is required from General Purposes Committee (GPC).
- 1.4 The project was reviewed by Group Leaders in November 2015 to clarify current strategic requirements in line with the emerging Community Hub strategy. An updated report was considered by Group Leaders on 25 February 2016 and was recommended for consideration by GPC.

2. MAIN ISSUES

- 2.1 A memorandum of agreement was entered into by the Council and Sawston Village College on 11 November 2013, setting out the intention of the parties at that time, the release of Council assets being 'Subject to Council approval'. (Memorandum of Understanding between CCC and SVC **Appendix 2**)
- 2.2 In consultation with stakeholders a scheme has been developed and the agreed designs are ready to be submitted for planning approval.
- 2.3 The project has an allocated budget but final project costs have gone up over the intervening period. An additional £75,000 increase, mainly due to construction cost inflation and a site compound site provided by Sawston Parish Council costing another £64,000, (extending the footpath to the Bowls Club; erecting new gates and making good a playing field) bring the total estimated costs to £1,394,000.
- 2.4 No allowance has been made for third party legal costs or for any other unforeseen costs.
- 2.5 Providing a temporary library is costing £375 per week which will increase the costs by £30K; this cost is currently being met within Economy, Transport & Environment.
- 2.6 If a planning application is submitted in April 2016, work could start on site in autumn 2016 with completion in summer 2017.
- 2.7 Conclusion of the discussions with SVC awaits an agreement on the asset exchange. Heads of Terms for the lease of the required land have been circulated and discussed.

- 2.8 Work is currently underway to establish the pattern of Community Hubs across the County. The key factors informing the location of Community Hubs are size of catchment population and local need informed by Index of Multiple Deprivation data (2015). In all of the options considered so far, Sawston meets the criteria for the provision of a Community Hub.
- 2.9 A new Community Hub building in Sawston will facilitate the co-location of CCC's key front-facing services in the village through the provision of flexible space, from which to deliver library services, locality and children's centre services – as well as providing community space for hire. This project provides the opportunity for CCC to rationalise its Sawston assets into an accessible and energy efficient building.
- 2.10 Flexible spaces that can be used for a variety of purposes are a key design feature that will ensure that the Community Hub can fulfil its key roles now and into the future. (**Appendix 3** - proposed site layout and floorplan) The layout is currently being reviewed to reflect the latest CCC thinking.
- 2.11 The basic proposition envisages the new Hub building being constructed to the right of the Marven Centre. This will be a lease granted by SVC to CCC. In exchange for the grant of this lease at a peppercorn rent, it is proposed that CCC transfers assets to SVC, which could comprise those buildings edged red on the plan (Appendix 1), variously identified as the Morris Wing, and the OWL building
- 2.12 Formal valuations of the interest to be acquired and the interests being relinquished have been obtained from external valuers to quantify the asset exchange referenced in the earlier business case.
- 2.13 The aggregated freehold value of all the CCC interests held at SVC, as identified in a Deed dated 17th December 1996 is £270,000, which comprises the values of the former library, in the Morris Wing, the OWL Building and a row of 3 garages. The garages are not included in the proposed land exchange with SVC so the net value of CCC assets to be transferred is £244,000.
- 2.14 The notional valuation figure for the former library is £118,000; however the freehold interest of the Morris Wing was retained for CCC (under the terms of the Deed) on the basis that it continues to be used as a Library. If that ceases the property is to be transferred to SVC at nil value. Effectively the library site element now has little market value, as CCC cannot sell the site, other than by ensuring its continued use as a library on behalf of CCC. It is important to note that the freehold valuation of the Morris Wing at £118,000 was undertaken on a depreciated replacement cost basis, as a library in its condition prior to the fire. This approach uses construction costs offset by obsolescence as well as a value for the land element and is very subjective. Valuation on a comparable basis using rental values for alternative uses such as office space would result in a significantly lower value.
- 2.15 £126,000 has been attributed to the OWL building. The freehold valuation of the OWL building excludes an extension (added by a previous tenant) and also a garage (constructed by SVC). It is vacant and in need of repair. An historic valuation produced by Bidwells gave a significantly lower value to this

asset, heavily discounting value to reflect the location and the view that only SVC would be interested in acquiring the property.

- 2.16 It is important to note that these valuations are opinions and the figures should not be relied on as certain. The assets have not been marketed to determine demand in this setting within an education site and if they were there would probably be a significant variance.
- 2.17 SVC holds the land which it will exchange with CCC on long leasehold, for which they originally paid a premium of £190,000 for a 125 years lease starting in 1st July 2010. SVC will grant CCC a lease of part for the remainder of the lease at a peppercorn. The long leasehold interest to be acquired by CCC has been valued at £33,000 and the adjacent parking at £7,000, a combined total of £40,000.
- 2.18 To progress this matter CCC needs to gain approval to exchange assets bearing in mind the differential in value and the benefits arising. In exchange for the grant of a lease by SVC of the land adjacent to the Marven Centre with additional parking valued at £40,000, the Options for consideration are as follows:
- A. Release of the Morris Wing, currently valued at £118,000 (but in effect nil value now that the library has vacated it).
 - B. Release of the Morris Wing plus the OWL Building with a combined value of £244,000.
 - C. Release of the Morris Wing and grant of a lease of the OWL Building at a market rent of £11,200 pa for 10 years on an internal repairing and insuring basis, with shared use of the car park.
 - D. Release of the Morris Wing and grant of a lease of the OWL Building at a peppercorn or a less than best rent for up to 10 years on an internal repairing and insuring basis, with shared use of the car park.
 - E. Release of the Morris Wing and grant of a lease of the Owl Building on the basis that an annual rent is paid against a reducing balance of the 'acquisition cost' of £126,000 (with the application of interest if so determined) at the conclusion of which the Council will release /transfer the asset to SVC. Subject to both parties agreeing the detail of the amount and a reasonable repayment period.
 - F. To terminate the project and move back into the Morris Wing, although this is not considered to be a viable option in operational terms, and would have a very damaging reputational impact on CCC and its relationship with SVC.
- 2.19 SVC have committed time and money to progress this mutually beneficial project and given these options have expressed a clear preference for Option (B), which was the original arrangement proposed at the outset of the project. Adopting an alternative Option will require a further period of discussion and negotiation of detail with SVC, which will delay the project further.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

The report above sets out the implications for this priority in 2.9

3.3 Supporting and protecting vulnerable people

The report above sets out the implications for this priority in 2.9

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in paras 2.3 & 2.4

4.2 Statutory, Risk and Legal Implications

There are no significant implications for this priority.

4.3 Equality and Diversity Implications

There are no significant implications for this priority.

4.4 Engagement and Consultation Implications

There are no significant implications for this priority.

4.5 Localism and Local Member Involvement

Local Members have been consulted

4.6 Public Health Implications

There are no significant implications for this priority.

Source Documents	Location
None.	