

East Barnwell Community Centre and library redevelopment – update on the development being led by Cambridge City Council

To:	Assets & Procurement Committee
Meeting Date:	16 January 2024
From:	Executive Director Finance & Resources
Electoral division(s):	Abbey
Key decision:	Yes
Forward Plan ref:	2024/015
Executive Summary:	Proactive estate management decisions that bring forward regeneration and redevelopment of community facilities in East Barnwell
Recommendations:	<p>a) To note that that the viability of the redevelopment scheme is dependent on approx. £9m funding from Homes England</p> <p>b) To approve the freehold disposal of East Barnwell Community Site; the surrender of its freehold interest in Barnwell Library and an area of highway land if grant funding is secured, on a 'less than best' basis (insofar as that is the case) on the grounds that the scheme, as a whole, will deliver significant social and economic wellbeing improvement to the local area.</p> <p>c) To delegate to agreement to the final lease terms for the new Preschool and Library to the Executive Director of Finance & Resources if grant funding is secured.</p>


Officer contact: John Macmillan

Name: John Macmillan

Post: Head of Assets

Email: john.macmillan@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

1.1 See below how the evaluation of the proposal in light of their alignment with the following seven ambitions  [Strategic Framework 2023-28](#).

1. *Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes*

- This regeneration scheme will deliver a cohesive design across the regeneration area – consistent high quality, low carbon approach.

2. *Travel across the county is safer and more environmentally sustainable*

- This regeneration scheme has been designed to align with the Greater Cambridge Partnership proposals for Newmarket Road.

3. *People are helped out of poverty and income inequality*

- The report above sets out the implications for this ambition in paragraph 2.3.

4. *Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.*

- This regeneration scheme combines community, library, preschool and commercial uses into a central hub, making them accessible and inviting to the wider community.
- The regeneration scheme prioritises delivery of new community centre, library and pre-school without the need to close existing facilities.
- This regeneration scheme will deliver significant new public open spaces delivered for wider community, directly accessible from new community centre, library, preschool and commercial uses.

5. *Children and young people have opportunities to thrive*

- The new community centre is part funded by s106 funding which requires more opportunities for youth,
- The new library will have better facilities for young families.
- Both Childrens and the Libraries Teams have been engaged and support this proposal.

2. Background

2.1 There have for several years been different proposals to replace the East Barnwell Community Centre and the nearby library in Cambridge.

2.2 The site is allocated in the current Local Plan for “mixed use development” and the proposal widened from, replacement of the community centre, to include housing, which involved

This Land Ltd, and in time expanded to include the adjacent church site. The church site subsequently dropped out as did This Land Ltd. There was a multi-stakeholder consultation funded by One Public Estate, which responded to advice from the Planning Authority to ensure that the County's site, if developed, would integrate with the sites on either side, which were also allocated in the Local Plan. This led to the County Council received a proposal from Cambridge Investment Partnership (a Joint Venture between Cambridge City Council and Hill Residential) who offered to develop the site. There were discussions about the Pre School location (on or off site) which involved Members. The challenge throughout has been to create a financially viable development and this remains difficult.

- 2.3 Strategy & Resources Committee on the 29th of March 2022 agreed to revise the scope of the scheme to include early years provision, following a recommendation from the Children & Young People Committee, reversing an earlier 2021 decision for the preschool to remain off site. It had been located off site in readiness for the redevelopment. This committed the County Council to the re-provision of a library, a preschool, and community space as well as new housing accommodation. The Committee also resolved that there should be further development of the plans and highlighted the opportunity to collaborate with Cambridge City Council, who own adjoining land and bring forward a much larger development.
- 2.4 In September 2022, Officers reported to Strategy & Resources Committee that County and City Council had progressed the development collaboration. Through a combined approach there are clear benefits for the local community, through a wider and more comprehensive regeneration of the area, improved financial viability and a clear delivery path and timeframes. It was highlighted to Strategy & Resources Committee in September 2022 that there would be further decisions for the Council at the right time through Business Planning to revise the capital budget (reducing the amount of prudential borrowing) and to agree to the land transactions, once heads of terms were in place and further development of the commercial arrangements. Strategy & Resources Committee approved the collaboration with Cambridge Investment Partnership for the promotion and negotiation of a combined scheme at East Barnwell, including the re-provision of community space, a library, and preschool provision, delegating authority to agree land transactions to this effect to the section 151 Officer.
- 2.5 This report is to update Members on the latest position on the collaborative proposals, and financial and service implications.

3. Main Issues

- 3.1 As reported to Strategy & Resources Committee in September 2022, the original proposition put by Cambridge City Council was that the County would dispose of its freehold interests in the East Barnwell Community Centre site, surrender its legal interest in Barnwell Library and some highways land, together with a fixed capital contribution of £500k (foregoing any profit-share from the scheme, but at the same time transferring development risk) and in return would receive long-leasehold interests in a new library and an early years building (on long leases at a peppercorn) within the new development. The new community centre would be owned and run by the City Council. By delivering 100% residential provision on the current county council site, and the re-provision of a library, the preschool building, and community facilities (on the City Council's land) it was suggested the £500k contribution plus further capital costs could therefore reduce the total cost below the £0.8m approved remaining budget.

- 3.2 Since then, further financial viability work has been undertaken and the original scheme proposals amended because of ongoing viability issues. The City Council has recently submitted a planning application which provides, across the whole scheme (Appendix 1: Layout Plan), 129 new homes (120 affordable flats on Site 1 & 2 and 9 market houses on Site 3, the County Council land), a new community centre, the preschool provision, library, and commercial space. The County Council here is the landlord moving to tenant and as such Children's and Libraries are supportive of the proposals, whilst the City Council is carrying out its own consultations as part of planning and development.
- 3.3 The scheme will be delivered in three phases: Site 1, Site 2, and Site 3 sequentially. Site 3 will be delivered separately by Cambridge Investment Partnership. Cambridge City Council will directly deliver site 1 & 2. The business case for this scheme was approved by Cambridge City Council Housing Scrutiny Committee on 21st November 2023. ([Cambridge City Council Housing Scrutiny Committee on 21st November 2023](#)). As Site 1 and Site 2 provides 100% affordable housing, a Homes England grant of £9,192,000 will be required to make this scheme financially viable to deliver. Discussions between the City Council and Homes England are positive and ongoing, but the grant has not yet been formally secured.
- 3.4 In line with Section 123 of the Local Government Act, the County must obtain best consideration reasonably obtained in the disposal of its property assets. Best consideration is not defined but it accepted as Market Rent or Market Value. The Secretary of State issued a Consent for General Disposal in 2003 ("The General Consent") that clarified when Local Authorities can dispose of assets 'at less than Best Consideration' without reference to the Secretary of State provided the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2m and is to support economic, social, or environmental well-being. Lambert Smith Hampton, acting on behalf of the County, has valued the County's assets in relation to the proposed scheme. The County property assets required to deliver this scheme are now:
- the freehold interest in the existing Community Centre Site,
 - surrender of its legal interest of Barnwell Library,
 - an area of freehold highways land (Appendix 2: CCC land ownership).
- 3.5 This RICS Red Book valuation has determined that the Market Value of these assets plus the £500k capital contribution is marginally greater than the assets received in return even though the County will be obtaining two 125 yearlong-leasehold interests for the preschool and library. The value of the new assets is £5k less than the market value of the old assets, £745k, plus the proposed £500k contribution. However, the proposal brings significant social well-being to the Community through a purpose-built pre-school, a modern library with improved facilities for young families and people who want to work or study there and a new community centre at the heart East Barnwell. As such the legal view from Pathfinder is that (a) the difference is marginal at best and it is, therefore, arguable the best consideration reasonably obtainable is being achieved: and (b) insofar as there is any shortfall in value., CCC can lawfully determine that the transaction can be pursued on the basis of The General Consent.
- 3.6 The negotiations on detailed Heads of Terms for both the leasehold interests are on-going. The City Council proposed timetable sets out that construction is due to commence, subject to planning in Sept 2024.

- 3.7 The leasehold demises will be to shell and core fit-out standard. The cost of fitting out the Library by CCC will be between £170k to £200k, of which approximately £88k can be funded through Section 106 contributions. The preschool fit out is between £122,000 of which £78,570 can be funded through Section 106 contributions.
- 3.8 An approved capital budget of £798k is available towards the delivery of this projects. The County is waiting for more details from the City Council about service charge apportionment to establish the revenue implications for the proposals.
- 3.9 Bevan Brittan has been appointed to act on behalf of the County to review and agree the deal structure. This will include sale documentation, agreement to lease, lease, licence to alters and licence to build. Bevan Britan was procured through Pathfinder Law, using EM Lawshare Framework. Formal review by Bevan Brittan is yet to commence as negotiation of the Heads of Terms has not been concluded.
- 3.10 Service representatives from Children, Education and Families, and Strategy and Partnerships have approved the design of the new Preschool and Library spaces. One area of risk which needs further analysis by Children, Education and Families is the revenue implications for any third-party Preschool provider occupying the new premises. The affordability of the premises needs to be considered in more detail, but this is dependent on the service charge information yet to be supplied by the City Council.
- 3.11 From September 2024, 15 hours childcare support will be extended to eligible working parents of children from the age of 9 months to 3-year-olds. From September 2025, eligible working parents of children under the age of 5 will be entitled to 30 hours of childcare a week. The proposed preschool will not be able to expand further on that site.
- 3.12 The existing Barnwell Community Centre was listed as an Asset of Community Value on the 26th March 2021. If an asset on the register comes up for sale, community organisations may have up to six months in which to raise capital and bid to buy the asset, before it can be sold on the open market.

4. Alternative Options Considered

- 4.1 The alternative options that have been considered in formulating the recommendations contained in the report are:
- (a) do nothing;
 - The existing community centre is run down and requires replacement at what would be significantly more cost. The existing library does not have good facilities for young families.
 - (b) Dispose of the site;
 - The Council's intention is to retain facilities and services for the community and as such this option is not being considered.
- 4.2 These options have been discarded due to the cost and strategic intent. Developing the CCC site in partnership with Cambridge City Council, who have a much larger site, allows the cost of the community facilities to be spread across a much larger site. It also allows

CCC to benefit from the well-established and successful City Council JV with Hill Residential, who have a proven track record of building similar facilities.

5. Conclusion and reasons for recommendations

- 5.1 This recommendation is the culmination of many years work beginning with CCC trying to redevelop its own site and now joining with Cambridge City Council to redevelop a much larger site. This is a more viable option, albeit requiring substantial Homes England funding. It is also better for the local community as a larger more cohesive master planned site can be developed. The County Council will benefit from a new purpose built pre school and a library which has better facilities for families.

6. Significant Implications

6.1 Finance Implications

- 6.1.1 The report above sets out details of significant implications in 3.4, 3.5, 3.6 and 3.7.

6.2 Legal Implications

- 6.2.1 CCC have the necessary statutory power to dispose and acquire the interest in land which will arise from this scheme under Part VII of the Local Government Act 1972 and, in addition, the general power of competence provided by the Localism Act 2011.

- 6.2.2 There is a minor question mark as to whether the final assets received from the deal equate in value to those put in but the difference is very marginal. The Council's obligation under s123 of the Local Government Act 1972 is to obtain the best consideration 'reasonably' obtainable. In the light of the surrounding circumstances, it is unlikely that the Council could obtain significantly higher value by looking to dispose of the relevant assets outside of this scheme (even if this was, in practice, possible). In any event, given the social and economic benefits of the project as a whole, it would be reasonable for the Council to decide to accept any marginal shortfall (which would fall well below the relevant threshold of £2M) under the terms of the General Consent.

6.3 Risk Implications

- 6.3.1 The report above sets out details of significant implications in 3.2 - 3.9

6.4 Equality and Diversity Implications

- 6.4.1 A completed Equality, Impact Assessment (EqIA) form is attached in the Source Documents.

6.5 Climate Change and Environment Implications (Key decisions only)

- 6.5.1 The proposed scheme will remove energy inefficient buildings in poor condition; utilising traditional heating sources and replace with modern built energy efficient buildings.
- 6.5.2 Design and construction of new buildings will be in line with modern building regulations in relation to water usage.

7. Source Documents

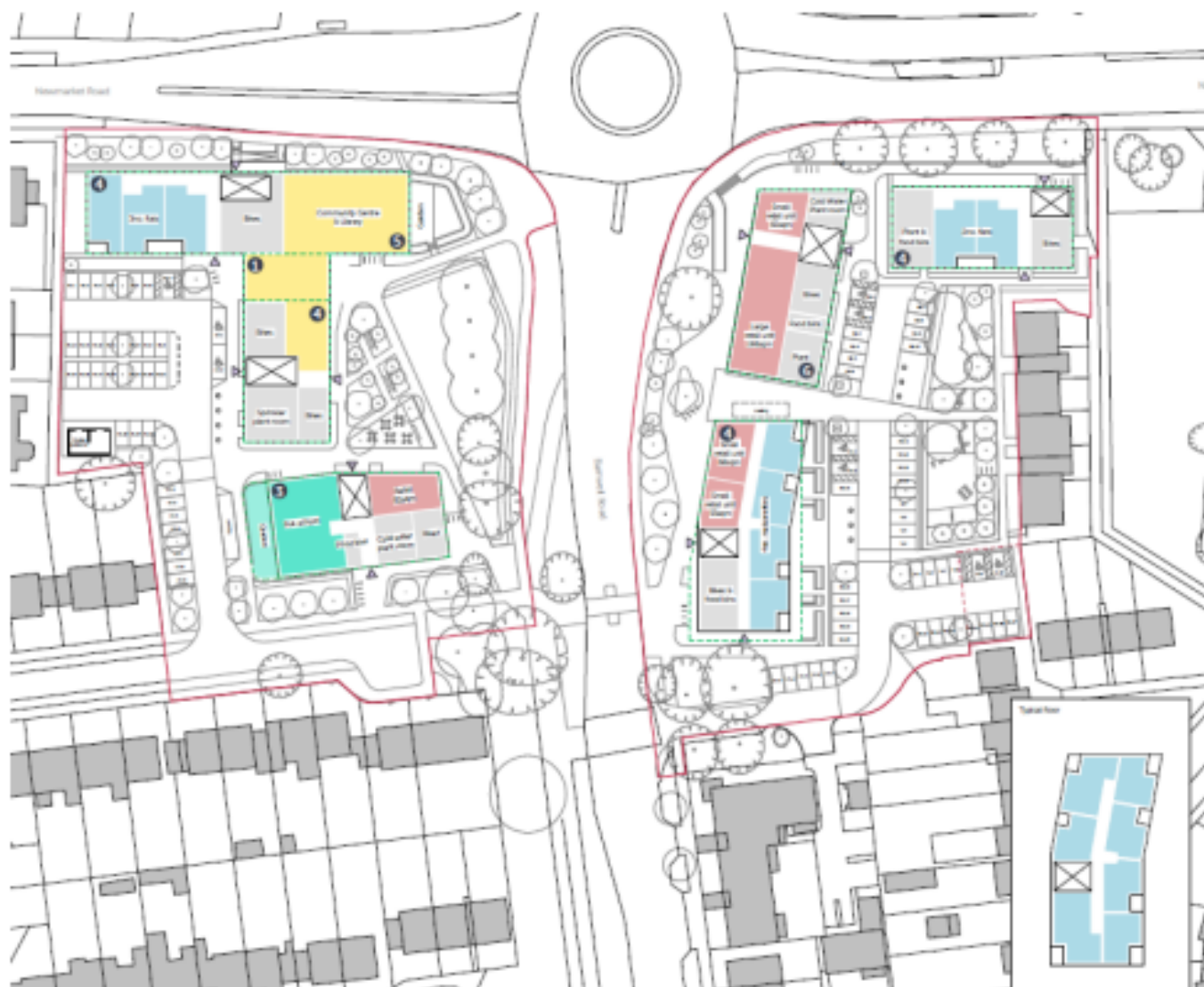
[Cambridge City Council Housing Scrutiny Committee on 21st November 2023](#)

EQIA carried out by Cambridge City Council – *to follow*

Appendix 1 Regeneration scheme overview



Appendix 2 Regeneration Scheme – Sites 1 and 2 Site Plan



Key

Yellow = Community Centre and Library

Turquoise = Pre-School

Pink = Commercial

Blue = Residential at Ground Floor

Grey = Bike Stores and Services

Appendix 3 - Existing ownership plan

