

**REPORT TO:** Cabinet

**DATE:** 12<sup>th</sup> November 2009

**SUBJECT:** Southport Cultural Centre – Temporary Library Service

**WARDS AFFECTED:** All Southport Wards

**REPORT OF:** Alan Moore, Strategic Director of Regeneration and Environmental Services,  
Paul Edwards, Finance and ICT Director,  
Graham Bayliss, Leisure Director, and  
Mike McSorley, Head of Regeneration and Technical Services.

**CONTACT OFFICER:** Steve Deakin, Assistant Leisure Director (Operational Services)  
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**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To advise Cabinet of the estimated costs identified for the adaptation works required to a number of potentially suitable venues to facilitate a temporary library service in central Southport, should the redevelopment of the Cultural Centre be approved.

**REASON WHY DECISION REQUIRED:**

- 1) A preferred option needs to be adopted so necessary arrangements can be made to provide a library service in central Southport.
- 2) Funding for the provision of the temporary service will need to be identified, dependent on which option is selected.

**RECOMMENDATION(S):**

Cabinet is requested, subject to the necessary negotiations and approvals being obtained:-

- 1) To identify its preferred option as to how a temporary Library service should be provided in central Southport during the proposed development of the Cultural Centre.
- 2) To identify how the preferred option is to be funded.
- 3) To consider the risks of clawback from external funders and the potential of increased capital costs to the Council in providing a continuous library service at its present location until the temporary venue is available.

**KEY DECISION:** Yes

**FORWARD PLAN:** Yes

**IMPLEMENTATION DATE:** Following the expiry of the call-in period for the minutes of this meeting.

**ALTERNATIVE OPTIONS:**

Previously detailed in the report to Cabinet on 3<sup>rd</sup> September 2009

**IMPLICATIONS:**

**Budget/Policy Framework:**

**Financial:**

Depending upon which option Cabinet choose there will be additional capital and revenue implications, as detailed in the options to be considered at paragraph 2.8. Accordingly no figures can be entered into the table below.

	<b>2006/ 2007 £</b>	<b>2007/ 2008 £</b>	<b>2008/ 2009 £</b>	<b>2009/ 2010 £</b>
<b><u>CAPITAL EXPENDITURE</u></b>				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:**

**Risk Assessment:**

If the creation of a temporary library causes a delay to the Cultural Centre scheme this would place a significant risk on the Council of potentially not being able to spend the Sea Change and NWDA grant by 31<sup>st</sup> March 2011 and therefore be unable to claim the total £8m grant available. If this occurred, the Council would have made contractual commitments to the full scheme at this cost and any lost grant would have to be found from the Council's own resources.

If nothing is done, the buildings could close with the consequent loss of service, one of which is statutory. The Council could be at risk of prosecution for not maintaining its listed buildings.

The condition of the buildings gives rise to some concerns over health and safety not just for users but also for people on the public highway.

**Asset Management:**

The three buildings at the heart of this project will be substantially refurbished with consequential reductions in maintenance and energy costs

**CONSULTATION UNDERTAKEN/VIEWS**

Southport Area Committee members  
FD207 - the comments of the Finance and Information Services Director have been incorporated into this report.  
Head of Technical Services

**CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

<b>LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT</b>
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## **1. BACKGROUND**

- 1.1 The potential £15.3 million development of the Southport Cultural Centre, which consists of Southport Library, Atkinson Art Gallery and Southport Arts Centre, is a central plank within the economic regeneration of Southport and, subject to grant approvals, is due to commence with the closure of the buildings in December 2009.
- 1.2 At the meeting of Cabinet Member Leisure and Tourism (CML&T) of 15<sup>th</sup> July 2009, a report was received regarding the temporary closure of Southport Library including the potential costs of relocating a library service to another location and the possibility and consequences of redistributing library services to other libraries in Churchtown, Birkdale and Ainsdale and not to provide a library service in central Southport.
- 1.3 Cabinet Member Leisure & Tourism resolved – Minute 32:
  - (1) the temporary closure of Southport Library be agreed on the basis that the Leisure Director make continued efforts to find a suitable town centre location for the library prior to closure.

Cabinet, at its meeting on 3<sup>rd</sup> September received an update on the difficulties that officers had experienced in trying to identify a cost-effective site for a temporary library service. The report also gave estimates of the cost of the temporary service (£350k) for the 30 months of closure.

## **2. OPTIONS FOR PROVISION OF TEMPORARY LIBRARY SERVICE**

- 2.1 For many months efforts have been made to identify a suitable site for a temporary library service and after the consideration of many sites, provision has now been narrowed down to seven options (ideally officers believe that an acceptable library service would require at least 450 square metres of space and have access to the Internet). It will be noted that each option has varying degrees of capital costs for necessary adaptations associated with them; **these costs would seriously impair the ability to deliver the quality and expectations of a prestigious Cultural Centre should they be required to be met from within the anticipated £15.3m budget for the scheme.**
- 2.2 Other than to provide the library service from the other Southport branch libraries, officers are advised by the Planning Director that each option will require planning permission for a change of use from retail development, a process that can take 8 weeks from the date of the application.
- 2.3 Leases of non-Council owned properties will be subject to negotiation and the tendering / letting of contracts for adaptation works and construction periods will all take varying amounts of time. These, together with the time to obtain planning permission, present a significant risk to the Council by potentially delaying the commencement of the main Cultural Centre contract and jeopardising the ability to spend the £8m of external grant funding by 31 March 2011 that could incur “Clawback”

of funding by Sea Change & NWDA. Should these occur the Council would be required to fund any monies reclaimed through clawback.

- 2.4 Members must be mindful that £15.3m budget for the Cultural Centre is not the actual build refurbishment budget. From this figure are to be deducted professional fees, levy costs to client/decanting/storage relocation et al. A more accurate figure for project work would be in the order of £11.8m; this is without the associated costs attributable to a temporary library.
- 2.5 The current budgets for premises associated costs for the Arts Centre, Atkinson Art Gallery and the Southport Library total some £211,000 of which the library's component is £54,550. Should the library be relocated into one of the venue options below, some or all of these budgets could be used to offset the annual running costs of Members' preferred option.
- 2.6 To ascertain the type of temporary service the public of Southport would want delivered a survey of Southport library customers was undertaken in September 2009. There were 826 responses returned. The survey asked which services customers used, and which two they considered to be the most important to provide in a temporary library. A lending service was the most important (88%), followed by a reference and information service, access to the Internet, and a local history service.
- 2.7 A visual survey has been undertaken for each location identified below and estimates obtained for the building works required at each location together with basic ICT costs. More extensive work would be needed to obtain more detailed and accurate costs. ICT is required for all library services and the ICT costs include connection to Sefton's network, laying fibre, digging ducts where necessary and installation of PCs into the building, predominantly for staff to use to access the library management system.
- 2.8 Based on the estimates, and the results of the survey, an analysis of individual sites now follows (Options not in any order of priority):-

Space available = square metres

	<b>Location / space available</b>	<b>Capital Costs</b>	<b>Revenue Costs</b>	<b>Adaptation work required</b>
<b>Option 1</b>	Yorkshire Bank Eastbank Street 272 m2			Under Offer as of 22 <sup>nd</sup> October, therefore No longer available
<b>Option 2</b>	Rosebys King Street  1300 m2	£205,000	£195,000 per annum (£487,000 over 2½ yrs)	Sub division of space. Minor improvements Partial rewiring IT installation
Service Implications			This is dependent on whether the space is shared with other services. However, it	

			<p>is estimated there would be space for a full lending service, medium sized reference and information service, access to the internet and a family history service. Some of the local history material would need to be stored off site, and therefore a full local history service would not be provided. Story and rhyme times could take place, as well as children's activities and adult reader events and activities</p> <p>If there are no other services, there is scope for a limited arts exhibition and activities programme. There is some storage available, either for the library or art gallery.</p>	
<b>Option 3</b>	Sainsbury Local EastBank Street  377m2	£80,000	£175,000 per annum (£437,500 over 2½ yrs)	Minor electrics Heating adjustment General decoration (No access granted) Issue of release clause
Service Implications			<p>There would be a medium sized lending service, and a small collection of reference material. There would be no public access to the internet, or the local history collection. Story times and rhyme times could take place but with</p>	

			<p>restricted numbers, and a limited number of children's activities and adult reading groups.</p> <p>The Landlords want to include a release clause in the lease that would require the Council to vacate the premises should a permanent tenant be secured.</p>	
<b>Option 4</b>	<p>Christ Church Hall Lord Street</p> <p>140 m2</p>	£83,000	£85,000 per annum (£212,500 over 2½ yrs)	<p>Temporary security to murals, shelving, lighting rewire Power installation Heating adjustment Security Rent still to be negotiated</p>
Service Implications			<p>There would be a small lending service, and a very small collection of reference material. There would be no public access to the internet, or the local history collection. Story times and rhyme times could possibly take place but with restricted numbers.</p> <p>Although the library would have its own space, the premises would be shared with other uses of the Church Hall and adjoining Church. The amount of space for shelving is restricted. There is potential for clash of uses e.g. when a funeral / wedding is taking place. There is public access to toilets and a cafe.</p>	

<p><b>Option 5</b></p>	<p>The Market Southport</p> <p>918 m2</p>	<p>£536,000</p>	<p>£83,000 per annum No rent (£207,500 over 2½ yrs )</p>	<p>Sub divide existing floor footprint Full rewire Potential Building Regulation issue Replacement of heating New floor finish New decoration Phased works</p>
<p>Service Implications</p>			<p>There would be an almost full lending service, medium sized reference and information service, access to the internet (fewer PCs than now). Due to the environmental conditions, including fat particles in the air from the café, there is unlikely to be a local history service. This would need to re-locate to Formby Library. Story and rhyme times could take place, as well as children's activities and adult reader events and activities.</p> <p>Members will be aware of plans to redevelop the market and its use as a temporary library would obviously delay redevelopment until the completion of the Cultural Centre. However, it is estimated that there would be a footfall of around 150,000 library users, should the market be used, that could be advantageous and attractive to the</p>	



			<p>remaining stallholders. Business rates are already budgeted for and rental payments will be paid to the Authority.</p> <p>However, it would require considerable work to the lighting and heating levels, particularly for activities where people are sitting for a considerable length of time.</p>	
<b>Option 6</b>	Lease new large Mobile Library		No rent or rates £98,000 per annum (£245,000 over 2½ yrs)	<p>Small service offered</p> <p>Need to find parking location (possibly Tulketh Street Car Park)</p>
Service Implications			A large mobile library would provide a small lending service, no reference or local history service. It could provide a public access PC to the catalogue but no People's Network. There would be a very small children's collection in a limited amount of space. There would be no seating for customers.	
<b>Option 7</b>	Use existing Branch Libraries in Southport		<b>No additional costs</b>	

Service Implications			<p>Whilst there is a clear determination to provide a temporary library service within central Southport, due to the cost implications of other options, members may wish to re-consider this option.</p> <p>If a service was not provided within central Southport, services and staff could be relocated at Churchtown, Birkdale and Ainsdale Libraries, increasing the number of opening hours and services available within these branches. The local history service could be relocated to Formby library, with a small family history service available.</p> <p>95% of Southport residents would still live within two miles of a library and this provision could be provided at no extra cost to the Authority</p>	
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2.9 Out of the 7 options considered, one is no longer available, and there are 3 that do not require negotiation on rent etc. by an agent. There is now some concern over the Sainsbury Local option, as it is understood the landlords require a break clause in the event they acquire a permanent tenant.

2.10 On 23<sup>rd</sup> October, a number of Southport Members toured the potential venues in order to gain a perspective of each site and its suitability as a temporary library. Members expressed interest in utilising the existing Market Hall site, and Officers were asked to work up this option in greater detail for further consideration by 28<sup>th</sup> October. A further meeting was held with Southport Members prior to the Area Committee meeting on 28<sup>th</sup> October at which further detail on the Market option was presented. Having considered the further information, Southport Members did not reach a consensus on the Market option.

2.11 Given that Southport Members expressed an interest in utilising the Market Hall as an option, if this is to be considered further, Cabinet should note the additional information presented to the Southport Area Committee members which addressed the following issues:-

**i) What is the impact on the Cultural Centre?**

The Cultural Centre is estimated to cost £15.3m funded by £8m of external grant with the balance being met by the Council's capital resources. One of the conditions of the grant is that it must be spent by 31<sup>st</sup> March 2011. It is therefore critical that the creation of a temporary library does not delay the Cultural Centre scheme as this would place a significant risk on the Council of potentially not being able to spend £8m by 31<sup>st</sup> March 2011 and therefore be unable to claim all of the grant available. If this occurred, the Council would have contractual commitments to the full scheme at this cost and any lost grant would have to be found from its own resources.

The cost of providing a temporary library is not included in the £15.3m cost estimate. It is not possible to include them within the approved funding for the Cultural Centre scheme as this would reduce the amount available for the planned works/refurbishment and this could impact on the business plan and result in a possible reduction in the grant. The temporary library costs will need to be funded from elsewhere and could be funded from the monies already in the Council's capital programme, such as the market refurbishment project, or will need to be added to the cost of the scheme with the need to increase the MTFP budget gap accordingly.

The programme for delivering the temporary library in the market building, assuming a decision at the next Cabinet, is to have it operational in July 2010. This may seem a long time but the location of the library in the Market building will require planning and building regulations approval before works can begin and the works themselves will take up to four months to complete.

Prior to the completion of the alternative site, the library would have to stay in its current location during the initial part of the Cultural Centre scheme when work will be focussed on the theatre areas. However, this would potentially increase on the cost of the Cultural Centre project (ensuring fire alarms and electrical/heating systems are segregated in the Library area for example) but these cannot be quantified until a contractor is appointed.

There will also be some disruption to the library service as it will be adjacent to a building site and there will need to be short periods of closure to enable the intrusive building surveys, which are necessary for the Cultural Centre scheme to be carried out. Again this cannot be developed further until a contractor is appointed although every effort will be made to keep the disruption to a minimum (by working out of hours and at weekends for example). The only alternative would be to close the library for a couple of months until the temporary facility is ready. Should the appointed Contractor not be able to work around the retained library, this option is one that Members may have to reconsider later.

**ii) What is the impact on the Market Refurbishment Scheme?**

Locating the temporary library in the market building will mean that the refurbishment of the market will need to be deferred until the Cultural Centre scheme is completed and the library has returned to its permanent location. This is programmed to be in

September 2012. Subject to the availability of appropriate funding, the Market refurbishment could then proceed as planned subject to there being sufficient funds available.

Members are aware that the Council has given certain commitments to the market traders and any change will need to be carefully communicated if this is what Cabinet decide to do.

### **iii) What are the conversion costs for relocating the library to the market hall?**

Capita Symonds have provided an estimate for the conversion costs of £536,000 made up as follows:

Works -	£400k
Contingency -	£10k
Design, Planning & Inspection fees	£60k
IT conversion -	£21k
Client Fit Out -	<u>£15k</u>
Total -	<u>£536k</u>

A significant element of the cost is due to the different requirements of the library compared with the current market provision and the fact that the current Market building is in significant need of refurbishment. It must be stressed that this is only an estimate at this stage and Capita have not had the opportunity to undertake a full feasibility study and there will no doubt be some variations. The costs and programme will be refined as part of the scheme development process.

### **iv) How much of the costs would be abortive?**

The Council's current approved capital programme includes £3.2m for the refurbishment of the market hall. Capita Symonds have been asked to assess how much of conversion costs for a temporary library would be "sunk" costs that would ultimately reduce the cost of the full refurbishment of the market. They have responded that most elements of the cost for a temporary library will be abortive. This is because of the different requirements of a library and a market in terms of the internal alterations, floor coverings, heating, lighting, fit out etc.

Capita have estimated that only about £50,000 will not be abortive works at this stage. This would suggest, therefore, the abortive costs of locating the temporary library within the Market Hall would be circa £486,000. However, this is still under review because it is possible that some of the temporary partitioning could be reused if it is ultimately decided to refurbish the market with the traders still in situ and the detailed design will aim to minimise abortive costs. Further work is being undertaken by Capita and officers to refine the costs and a verbal update will be given at this meeting.

## **3. PROJECT AND FUNDING RISKS**

- 3.1 Planning permission would be required for change of use and building regulation approval for works. Timescale for planning is 8 weeks from say mid November, which means that planning approval would not be received until mid January 2010.
- 3.2 Actual work to any potential temporary venue varies from 4 weeks to 8 weeks except for the market, which because of the level of work required would take up to 5 months

providing there were no unforeseen building issues. It would then take 2 weeks to pack up and move the library to its temporary location

- 3.3 If the library service remains in its present building whilst all the works are completed to the temporary accommodation, the impact on the Cultural Centre main contract would clearly be that the contractor would not be given full possession of the site until possibly June/July. Such a scenario would naturally reduce the period for spending the grants by the end of March 2011, which is so important to NWDA and Sea Change, by up to 6 months.
- 3.4 In simple terms, a contractual spend level of £8m over an 8/9 months period within the footprint of a listed building will be difficult, if not impossible to achieve. As previously stated, if all external funding is not expended by the 31<sup>st</sup> March 2011, any underspend would be clawed back by the funding partners, leaving the Council with additional Capital costs.
- 3.5 Therefore, it is advisable for Cabinet to consider whether there is a possible temporary cessation of the library service from January 2010 until the accommodation for a temporary service is available.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 As Members can see, there are a range of options for the provision of a library service for Southport during the potential development of the Cultural Centre, with a range of costs and services that could be provided.
- 4.2 If Cabinet decide to fund any Capital works from within the Southport Cultural Centre budget, it would seriously jeopardise the project team's ability to deliver a development that would meet the funding partners required outputs.
- 4.3 The full year revenue funding available from the present Arts Centre, Art gallery and library premises budgets is £211,000 and this could be used to meet the revenue costs of the preferred option.
- 4.4 Any capital or revenue costs in excess of the sums identified would need to be found from other budgets. Members will be aware that any additional capital or revenue budgets approved for this scheme will add to the current financial deficit on the Medium Term Financial Plan unless they are funded from the reprioritisation of existing capital programme schemes.

#### **5. CONCLUSION**

- 5.1 There is significant public and Member support for the provision of a temporary library service in central Southport, should the library close for the redevelopment of the Cultural Centre.
- 5.2 After many months of negotiations and the obtaining of cost estimates, a range of options is presented to Members for their consideration.
- 5.3 There is concern that any significant delays in the Southport Cultural Centre programme will adversely affect the ability to expend the external funding within the

timescales permitted, which could result in clawback of grant which could lead to the Council incurring additional Capital costs.

## **6. RECOMMENDATIONS**

Cabinet is requested, subject to the necessary negotiations and approvals being obtained:-

1. To identify its preferred venue from which to operate the temporary library service in central Southport during the proposed development of the Cultural Centre.
2. To identify how the relocation and operation of the service is to be funded.
3. To consider the risks of clawback from external funders and the potential of increased capital costs to the Council in providing a continuous library service at its present location until the temporary venue is available.