

Policy Committee

10 June 2024



**Reading**  
Borough Council  
Working better with you

|                              |   |
|------------------------------|---|
| <b>Title</b>                 | Disposal of Central Library Premises, Abbey Square, Reading   |
| <b>Purpose of the report</b> | To make a decision  |
| <b>Report status</b>         | Partly open to the public and part exempt - see reasons below   |
| <b>Report author</b>         | Charan Dhillon - Assistant Director of Property and Assets Management   |
| <b>Lead Councillor</b>       | Cllr Micky Leng - Lead Councillor for Planning and Assets   |
| <b>Corporate priority</b>    | Inclusive Economy   |
| <b>Recommendations</b>       | <ol style="list-style-type: none"><li>1. To declare the Central Library site surplus to operational requirements and to approve the disposal of the Central Library site.</li><li>2. Delegates authority to the Executive Director of Economic Growth and Neighbourhood Services in consultation with the Lead Councillor for Property and Assets, the Leader of the Council, the Director of Finance, the Assistant Director of Legal and Democratic Services and Assistant Director Property and Asset Management authority to negotiate, agree terms and complete necessary documentation to give effect to the transaction.</li></ol> |

### Exempt Reports or partly exempt reports

This report contains exempt information within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

Paragraph 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Whilst it is considered that there is a public interest in disclosing information being the land value and other information, it is felt that on balance, this is outweighed by other factors in favour of maintaining the exemption. The disposal of the central library site is subject to confidential legal, financial and other negotiations and to reveal details of these would adversely affect the Council's ability to manage its commercial, financial and business affairs and could also be detrimental to the Council's ability to achieve best value for money in relation to this transaction.

## 1. Executive Summary

- 1.1. To seek authority to dispose of the Central Library site as edged red on the enclosed plan Appendix A on the open market, which will become surplus to requirements as the library service moves to a new building to be constructed and integrated into the Council's Civic Offices site on Bridge Street.

- 1.2. To agree to instruct a sales agent to commence marketing of the Central Library site ahead of its closure in 2025.

## **2. Policy Context**

- 2.1. The Council submitted Levelling Up Funding (“LUF”) bids to central government in 2022 and in January 2023, central government announced that the Culture and Community at Minster Quarter bid was successful. The bids included the new performance space at the Hexagon and the reprovision of the Central Library at the civic offices. The grant awarded in respect of this bid was £19.164m.
- 2.2. The disposal of the Central Library site was agreed in principle as part of LUF. The aims were set out in the Levelling Up White Paper published in February 2022, with the framework for delivery set out in the Levelling Up and Regeneration Bill.
- 2.3. Additionally, the disposal will support Council’s vision and Corporate Plan priorities, in particular its net zero carbon strategy.
- 2.4. Policy Committee on 20 February 2023 resolved as follows in respect of the LUF:
  - 2.4.1 That the grant funding of up to £19.164m from the Department of Levelling Up, Housing and Communities and additional capacity building funding of £0.060m in 2023/24 and £0.050m in 2024/25 be accepted, to deliver the Levelling Up Fund projects, and match funding be committed from approved capital budgets as per the Council’s Levelling Up Fund bid set out in the report to Policy Committee on 11 July 2022.
  - 2.4.2 The Executive Director of Economic Growth and Neighbourhood Services be authorised, in consultation with the Director of Finance, Assistant Director of Legal and Democratic Services and the Leader of the Council, to enter into the relevant grant agreement and agree variations as necessary.
  - 2.4.3 The Executive Director of Economic Growth and Neighbourhood Services be authorised, in consultation with the Director of Finance, Assistant Director of Procurement and Contracts, the Chief Executive and the Leader of the Council, to agree delivery of the Levelling Up Fund (LUF) programme, including all necessary procurements.
  - 2.4.4 Permission be granted to go out to consultation, including statutory, to progress delivery of the Levelling Up Fund projects.
- 2.5. On the 10<sup>th</sup> January 2024, the Planning Application Committee approved the proposed Civic Centre re-design and extension to accommodate the new Central Library which is currently located on Kings Road. It is proposed to launch Central Library project to the market approximately two weeks after Policy Committee approval.

## **3 The Proposal**

- 3.1. LUF was secured for a ‘New’ Reading Library to replace and relocate - the current central library at Kings Road to Reading’s Civic Offices on Bridge Street to ‘inspire residents, boost literacy rates and create a hub for support services, while releasing land for new homes. The bid document states that ‘A further 46 new homes will be enabled in King Road by relocating the existing Reading library’ and goes on to say that the land of the existing library site will provide land for up to 50 homes (estimate 46) and associated public realm improvements.
- 3.2. Although the LUF bid document also refers to the demolition of Central Library building to make way for the 46 new homes and help address the housing shortage in Reading, it is now recognised that it may not be possible to demolish it given the potential

archaeological implications associated with any excavations on this site. Additionally, valuation advice has been sought and the advice places a higher value on upwards extension and retention of the existing building, which would also have the benefit of reducing embodied carbon. What the market dictates is the best value for the site will not be certain until marketing commences.

- 3.3 In accordance with advice from the selling agents, it is proposed that all options are kept open to gain interest from as many purchasers as possible to maximise demand. A paper to the Council's LUF Board on Monday 8th January 2024 set out the options to instruct development agents (Savills) to market the property on both an unconditional and a conditional basis that is subject to planning. This approach increases the commercial opportunity and facilitates compliance with the obligation under s123 of the Local Government Act 1972 to obtain best consideration reasonably obtainable. Additionally, this route allows the market to reflect on the potential impact of the abbey ruins on the ability to redevelop the property.
- 3.4 After due consideration by the Council's LUF Board members, it was decided that the property should be marketed solely to invite conditional offers, subject to planning. This will allow the Council to retain an element of control, as the local planning authority and not landowner, of the nature of development and to ensure the onwards use of the site is in accordance with the Council's objectives. Subject to planning offers almost always give a higher offer price as risk that the property will not achieve planning consent or viability remains with the Council as landowner. On a sale subject to both planning and additional requirements, such as providing housing, the offer would potentially be less owing to the restrictions.
- 3.5 The LUF bid requirements to provide 46 homes to be built on the site creates conditionality which can impact on the level of consideration. The requirements also potentially mean that the Council is required to procure a purchaser/developer through a procurement process as opposed to through a land sale. A procurement process, in all likelihood, would have a considerable impact on the marketability of this constrained site in terms of time and costs, and potentially restricts the number of parties willing to participate in the acquisition of the site.
- 3.6 Disposal on a subject to planning basis usually results in a longer period for receipt of sale proceeds taking account of the planning application process and the risk (but not cost) of securing a suitable planning consent remains with RBC. However, with this approach, it is considered that the Council is still able to balance fulfilling the conditions and requirements of LUF and market the property without the need to procure a development partner, which would be costly, time consuming, and reduce the number of potential purchasers further.
- 3.7 The property is occupied by entities below and the project team Officers are working with the occupiers to secure vacant possession of the site prior to disposal and support the organisations that require alternative accommodation where possible.

| <b>Tenant</b>                  | <b>Current location</b> | <b>New location</b> | <b>Exit date</b> |
|--------------------------------|-------------------------|---------------------|------------------|
| Berkshire Family History       | 2nd floor               | Battle Library      | Prior to Dec 24  |
| REDA                           | 3rd floor               | Making Arrangements | Dec 24           |
| Reading Voluntary Action (RVA) | 3rd floor               | Making Arrangements | Dec 24           |
| Sustrans                       | 3rd floor               | N/A                 | Already vacated  |

#### **4 Next Steps Following Policy Committee Approval:**

- 4.1 Following Policy Committee's approval for officers to commence marketing and the declaration of the Central Library premises as surplus to requirements, officers will instruct the appointed sales agent, Savills to put the Central Library site on the market for both open market and the Third Sector Policy offers on a subject to planning basis.

The onward use will not be specified so that the site is not restricted or subject to conditions which would require the use of a procurement process to retain a developer; or otherwise, adversely impact the value to be received on disposal of the site.

- 4.2 It is recommended that the property should be put on the market as soon as possible to minimise the time the property is vacant. Selling the property and site subject to planning can take two years from marketing to completion of the sale documentation.
- 4.3 An update to the Council's LUF Board will follow the initial marketing process when the demand from the various sectors (including residential / commercial / hotels) would have become clearer.

## **5 Contribution to Strategic Aims**

- 5.1 The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
- Healthy Environment
  - Thriving Communities
  - Inclusive Economy
- 5.2 These themes are underpinned by "Our Foundations" explaining the ways of working at the Council:
- People first
  - Digital transformation
  - Building self-reliance
  - Getting the best value
  - Collaborating with others
- 5.3 By providing a new purpose-built library designed around the current and future needs of users and aligning it with the Hexagon and Minster Quarter, an excellent cultural provision can be made within Reading Town Centre with wider benefits to the community branch library network thus encouraging and supporting local communities in thriving.
- 5.4 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the Council's website. These priorities and the Corporate Plan demonstrate how the Council meets its objectives to be economical, efficient, and effective. A link to the Council's Corporate Plan is provided here:
- [images.reading.gov.uk/2023/03/Reading-Borough-Council-Corporate-Plan-2022-25-v19.pdf](https://images.reading.gov.uk/2023/03/Reading-Borough-Council-Corporate-Plan-2022-25-v19.pdf)
- 5.5 Healthy environment – officers will ensure that purchasers are aware of and required to comply with the Council's policies regarding the use of cars within town centre developments and in relation to promoting zero carbon.
- 5.6 Thriving Communities - housing demand in Reading is high and an outcome which secures additional homes would contribute to the Council's aim to create thriving communities. Architects' feasibility drawings show an element of communal recreational space to be provided within the development to encourage socialising with neighbours and strengthening the immediate community.
- 5.7 Inclusive economies - best value will be sought for the site's disposal which will support the Council's ability to provide services including affordable homes and support for those who need it. The site, under policy DM6, will be required to provide 30% on site affordable

housing (which will include a mix of affordable and intermediate tenures). This which will facilitate creation of a varied and inclusive community. The location of the property will also support the economy as residents will easily work within Reading.

## **6 Environmental and Climate Implications**

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 The site is a brownfield town centre location, with a large amount of embodied carbon due to its style and era of design. The property may be retained which will reduce the strain on landfill and upwards extension of the building may make best method of delivery. It will not be clear whether the existing property will be demolished or converted until the Council receives formal proposals for the property.
- 6.3 There are solar panels on the roof currently, and they will not be removed until purchasers have been engaged should they wish to retain the solar panels to benefit from the cheaper electricity tariffs and to elongate the useful life of the solar panels.
- 6.4 Developing the site will naturally decarbonise the asset with introduction of an improved infrastructure and installation of modern materials that support carbon reduction.

## **7 Community Engagement**

- 7.1 The wider library consultation regarding the move in Summer 2023 received over 1,000 responses indicated clear support to relocate the library to a more modern and central location in the Civic building [RedQuadrant-Reading-Borough-Council-Civic-Centre-and-Library-relocation-Consultation-report-v2.1.pdf](#). Consultation relating to the project has additionally taken place with Reading Youth Parliament Service users, Brighter Futures for Children, Children in Reading schools, Trades Unions and Older People's working group. As part of the planning application process there will be further public consultation as a requirement.
- 7.2 The proposed release of the property for redevelopment is already in the public domain as the Central Library site is included as a potential site for residential development in the emerging local plan. The Council's communications team is engaged and will draft a release to inform the public about the disposal of the Central Library and site. It is expected that the disposal should be a good news story, due to the provision of new homes as well as job creation and the intensification of use of this town centre site will make better land use to reduce pressure on greenfield sites.
- 7.3 Archaeological matters will need consideration. The potential reprovision of the Abbey Stones within the new development will be investigated and will form part of the consultation via the planning application.

## **8 Equality Implications**

- 8.1 It is believed that there are no adverse equality implications associated in the disposal of the Central Library site after becoming surplus given the reprovision of the community library facilities within the town centre at the Civic Offices.

## **9 Other Relevant Considerations**

SEE PART 2

## **10 Legal Implications**

- 10.1 Recommendation 1 is covered under section 7.1.4 of the Council's constitution and there are delegations to the Assistant Director Property and Assets Management. Under the constitution and Council procedures and prior to a disposal, Officers must review and consult on the Council's needs to establish if there are alternative uses for the site in accordance with the Council's property strategy. Once the site has been declared surplus to the needs of the relevant Service for which it was held, arrangements should be made for the disposal of the asset subject to approval of the Policy Committee. This review must be carried out prior to identifying the site as being surplus to requirements.
- 10.2 The Council has the power to dispose of its land as it deems fit under section 123 of the Local Government Act 1972 for a consideration that can reasonably be obtained on the open market, except with the express consent of the Secretary of State (Best Consideration).
- 10.3 The overriding consideration when determining what constitutes best consideration is the commercial or monetary value of the disposition to the Council that is capable of being assessed by a valuer. Any disposal must also be in the best interests of the Council.
- 10.4 Other legal comments are incorporated into the body of this report.

## **11 Financial Implications**

- 11.1 There is a degree of uncertainty about the future value that could be achieved. The capital receipts quoted in this report are the best estimates (as of October 2023) but there is a degree of risk attached to them. The figures reported make assumptions, and it is considered that the figure reported is a best-case scenario.

## **12 Timetable for Implementation**

- 12.1 The proposed selling agent, Savills, will be instructed after Policy Committee approval has been granted.
- 12.2 From this date, there will be a two-week period to finalise information to be included and to agree and finalise the marketing particulars.
- 12.3 Further eight-week period for potential purchasers to provide a formal bid to the agent.
- 12.4 Further two weeks to conduct developer interviews (if appropriate),
- 12.5 Further two weeks to select preferred party & draft heads of terms – it is requested via this paper, that the decision to select the preferred party lies with the Assistant Director of Property & Asset Management, in conjunction with advice from the Property Assets Team
- 12.6 Further one month - contract drafting.
- 12.7 Further two weeks – exchange conditional contracts

## **13 Background Papers**

- 13.1 None

## **Appendices**

APPENDIX A – Redline plan

## **FINANCIAL IMPLICATIONS**

CONFIDENTIAL

See Part 2.

The financial implications arising from the proposals set out in this report are set out below: -