

**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	23 May 2017
<b>Subject:</b>	North Harrow Community Library
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom McCourt, Corporate Director of Community
<b>Portfolio Holder:</b>	Councillor Sue Anderson, Portfolio Holder Community, Culture and Resident Engagement  Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration
<b>Exempt:</b>	No, except for Appendices 2 and 3 which are exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because they contain information relating to the financial and business affairs of North Harrow Community Library Charitable Trust
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	Headstone South
<b>Enclosures:</b>	Appendix 1: Equalities Impact Assessment Exempt – Part II: Appendix 2: North Harrow Community Library Application Appendix 3: North Harrow Community Library Application – Revised Appendix 12,

## **Section 1 – Summary and Recommendations**

This report sets out proposals to open North Harrow Community Library on the site of North Harrow Library that was closed in June 2015. The Community Library will be managed by 'North Harrow Community Library' Charitable Trust. The Library will provide a range of library services to local residents and will be staffed by volunteers.

### **Recommendations:**

Cabinet is requested to:

- i) Approve the granting of a 20 year sub-lease to North Harrow Community Library (NHCL) Charitable Trust for the management of North Harrow Community Library using the space previously occupied by North Harrow Library which closed in June 2015.
- ii) Authorise the Corporate Director of Community, following consultation with the Portfolio Holder for Community, Culture and Resident Engagement, the Deputy Leader and Portfolio Holder for Business, Planning and Regeneration, the Director of Legal and Governance Services and the Director of Finance, to conclude and give final approval to sign the sub-lease and Joint Working Agreement for the provision of services as outlined in the body of the report.
- iii) Delegate authority to the Director of Finance, in conjunction with the Corporate Director of Community, following consultation with the Portfolio Holders for Community, Culture and Resident Engagement, Finance and Major Contracts, and the Deputy Leader and Portfolio Holder for Business, Planning and Regeneration, to authorise a funding equivalent to market rent for a maximum period of 20 years. This amount will then be repaid to the Council annually by NHCL for the rent.

## **Section 2 – Report**

### **1. Introductory paragraph**

Harrow Council has been faced with a £83 million reduction in its funding over a four year period from 2015-16 and as a result is having to make very difficult decisions for all services. As a result of this reduction in funding the Council closed four libraries in June 2015 as part of the Library Strategy 2015-18, and achieving an MTFs saving in the Library Service budget of £389k. One of the libraries closed was North Harrow Library. During the public consultation to develop the Library Strategy, the Council received an application from 'North

Harrow Community Library' community group to open North Harrow Community Library separate from the Council's statutory provision.

## **2. Background**

2.1 The Library Strategy 2015-18 was approved by Cabinet in March 2015. The Library Strategy included the closure of four libraries as part of an MTFS saving of £389k. The four libraries that closed in June 2015 were:

- i. Bob Lawrence Library
- ii. Hatch End Library
- iii. North Harrow Library
- iv. Rayners Lane Library

2.2 During the public consultation to develop the Library Strategy the Council received two applications to re-open two of the libraries proposed for closure as community libraries. The two libraries were Bob Lawrence Library and North Harrow Library. The Cabinet Report that approved the Library Strategy 2015-2018 stated that these applications were to be given due consideration before the closures were confirmed. If approved the community libraries, whilst providing a range of library services to the communities previously served by the libraries that have closed, would not be part of Harrow Council's statutory library service.

2.3 The Department for Culture, Media and Sport (DCMS) considered whether the Council's Library Service as revised by the changes detailed in the Library Strategy 2015-18, agreed by Cabinet in March 2015, was comprehensive and efficient. In December 2016 the Secretary of State for Culture, Media and Sport confirmed the decision that the Council's library provision did offer a comprehensive and efficient service. The review had noted that two applications to run community libraries were to be given due consideration before the library closures were confirmed.

2.4 Community managed libraries have been successfully established in other authorities including Buckinghamshire and Dorset. In both these authorities there has been a commitment from the local authority to support the community libraries including by providing resources and funding. The majority of the community libraries have increased their opening hours, with their visitor figures comparing favourably with the service as a whole. A skilled pool of volunteers has helped to make better use of the buildings as community assets, facilitating a wider range of services than had previously been available.

2.5 The proposal for a community library on the site of the former Bob Lawrence Library was not accepted by the Council. It was felt that the business case did not demonstrate that the community group 'Friends of Bob Lawrence Library' would be able to deliver or sustain a community managed library. The library building returned to the landlord on expiry of the Council's lease in December 2015.

2.6 The proposal by the community group, North Harrow Community Library (NHCL), to open a community library on the site of the former North Harrow Library at 429-433 Pinner Road was, however, approved once further clarification in some areas of the application had been provided. The Council also agreed £14,000, allocated from the Transformation and Priority Initiatives Fund, in transitional funding to assist NHCL to establish the community library.

### **3. Current situation**

3.1 The Council's statutory library provision is provided by six libraries:

- i. Gayton Library
- ii. Kenton Library
- iii. Pinner Library
- iv. Roxeth Library
- v. Stanmore Library
- vi. Wealdstone Library

In addition there is a Home Library Service for those unable to visit a library, and a Schools Library Service that local schools have the option of subscribing to. The Library Service is managed on behalf of the Council by Carillion Integrated Services.

3.2 Officers have been progressing the reopening of North Harrow Library as a community library, outside of the Council's statutory library provision, since the proposal by North Harrow Community Library (NHCL) was accepted by the Council in June 2015. NHCL was registered by the Charities Commission as a charity in June 2015.

3.3 NHCL's vision is that 'North Harrow Community Library will extend beyond its present role to become a community hub as well as a centre of literacy and learning in the modern world of multi-media communication. The hub will be a beacon and haven for North Harrow residents symbolising the special spirit of North Harrow and restoring the heart and soul of the community'.

The services to be provided by NHCL initially are:

- i) The loan of books, DVDs and CDs
- ii) Provision of activities for children of all ages mainly based around reading.
- iii) Provision of free reading space with newspapers and magazines.
- iv) Computer facilities including free internet access.

NHCL will look to extend and enhance the services that had been provided at the previous North Harrow Library, by fully utilising the skills of the volunteers, including running Book Clubs, Homework Clubs, languages classes, computer training, and increased community activity for meetings, displays and presentations. NHCL intend to recruit sufficient volunteers to open the community library for similar opening hours to those that had been in operation at the previous North Harrow Library.

3.4 The opening of North Harrow Community Library will help to attract more footfall to the shops in North Harrow and to increase spend. The library will be a hub for the local community and cultural activities. Typical demographics of library users include young families who have a propensity to shop after or before a visit to the library. The library would also act as an information hub for residents and local businesses, and support educational attainment by providing physical space for learning and research particularly for those who do not have access to ICT at home. It is also intended that the library will host language classes that will provide support for residents with ESOL needs.

3.5 The cost to run the library under Council control had been approximately £115k per annum. Devolving the management of the library to NHCL is a very cost effective way to reopen the library for use by local residents who would have previously used North Harrow and Rayners Lane Libraries that closed in June 2015 to help achieve an MTFS saving of £389k. The Council will only be providing one off transition funding in 2017/18 of £14k to enable NHCL to develop its own income streams. In addition the Council will be providing funding equivalent to market rent This will then be repaid by NHCL to the Council annually for rent. This arrangement is in order to satisfy the terms of the Council's head lease which provide that sub lettings should be granted at a market rent. The NHCL Business Case sets out its fund raising strategy including income generation from the rental of space in the library, donations including voluntary annual contributions towards running costs, and applications for grant funding. Some members of NHCL Steering Group have particular experience and expertise in fundraising.

3.5 A Joint Working Agreement between NHCL and the Council was agreed in principle with NHCL in December 2015. The Joint Working Agreement will be finalised once the terms of the sub lease have been agreed with the landlord. The Joint Working Agreement sets out the requirements of NHCL including ensuring appropriate personnel are engaged to provide the services, the use of premises and equipment, and reporting and management requirements – quarterly update reports and quarterly partnership meetings.

## 4. Options Considered

4.1 The following options are offered for Cabinet consideration:

### **Option A: Proceed with a three year sub lease for North Harrow Community Library to the 'North Harrow Community Library' (NHCL) Charitable Trust at a peppercorn rent.**

The landlord had agreed to waive the requirement for a sub-lease at a market rate for a period of three years on the understanding that the Council would lease back two rooms at the front of the library to the landlord. The Council would provide £14k transition funding in year one. NHCL have, however, informed the Council that they would not wish to proceed on this basis due to the impact the proposed timescale would have on their ability to fund raise, and in particular any applications for grant funding.

This option is not recommended.

**Option B: Proceed with a sub-lease for North Harrow Community Library to the 'North Harrow Community Library' (NHCL) Charitable Trust for a period of 20 years at a market rent with no additional funding being provided by the Council.**

A sub-lease for a period of 20 years will support NHCL's fund raising, particularly applications for grant funding. The Council would provide £14k transition funding in year one. If there was no additional financial support to NHCL, however, it would not be financially viable for the Trust to proceed with running North Harrow Community Library with their business case having been calculated on the basis that there would be a peppercorn rent rather than a market rent. This option would mean, therefore, that the community would not benefit from the library services to be provided, or from the volunteer opportunities that will be made available.

This option is not recommended.

**Option C: Disposal of the site previously occupied by North Harrow Library.** The Council has a lease for the library space until 2137 at a peppercorn rent. One option would be for the Council to sell back the lease to the landlord generating a one off income to the Council if this is agreeable to the landlord. This option would mean, however, that the community would not benefit from the library services to be provided, or from the volunteer opportunities that would be available.

This option is not recommended

**Option D: Proceed with a sub-lease for North Harrow Community Library to the 'North Harrow Community Library' (NHCL) Charitable Trust for a period of 20 years at a market rent. The Council is to provide funding to NHCL annually for the rent. This funding will then be repaid to the Council for the rent due annually.** A sub-lease period of 20 years will support NHCL's fund raising initiatives, particularly applications for grant funding. The Council will provide funding equivalent to market rent to NHCL on an annual basis, in addition to £14k transition funding in year one. This funding will then be repaid by NHCL to the Council on an annual basis for the rent due. This option would make it financially viable for the Trust to proceed with running North Harrow Community Library. Devolving the management of the library to a community group in this way is a very efficient way of providing library services. The cost to run the library service under Council control had been approximately £115k. The community will, benefit from the services provided and the volunteer opportunities that will be available. NHCL detailed ambitious plans in its application to run a community library to develop the community services offered to residents.

This option is recommended.

## **5. Risk Management Implications**

Risk included on Directorate risk register? No  
Separate risk register in place? Yes

5.1 Key risks and mitigation are as follows:

- i) Financial risk - NHCL fails to deliver its business case and becomes insolvent.

*Mitigation*

The business case has been assessed by appropriate Council Officers including from Finance. The sub-lease to NHCL includes forfeiture provisions.

- ii) Legal risk – The Landlord withholds agreement for a sub-lease to NHCL including concerns that the community group may not be able to pay the market rent on an annual basis.

*Mitigation*

Corporate Estates have advised that a sub-lease cannot unreasonably be withheld subject to the following conditions:

- a) The sub-lease to be granted is at a market rent. The Council will be providing funding to enable NHCL to pay the rent.
  - b) The lease is to be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954 as amended.
  - c) The lease shall contain a provision that the landlord may terminate the under-lease on 6 months' notice for development purposes.
- iii) Reputational Risk – NHCL fails to deliver the services, meet the standards, and follow the policies required as set out in their application and in the Joint Working Agreement.

*Mitigation*

The Joint Working Agreement sets out the monitoring that will be undertaken by the Council including the production of quarterly performance reports (monthly for the first six months) and quarterly Partnership Meetings. The Agreement also sets out Council policies that NHCL will be required to operate within. The Joint Working Agreement also includes termination clauses for any material breach under the agreement.

- iv) Relationship risk – A negative impact on the Council's relationship with other voluntary and community organisation due to the funding being provided to NHCL when the Outcome Based Grants programme is being reduced by a third.

*Mitigation*

The Council is providing £14k transition funding to NHCL in the first year of operation of the community library only. There will not be any additional net contribution by the Council. North Harrow Community Library strongly meets the criteria of a number of the Council's Corporate Priorities. In order to meet the Council's Vision of 'Working together to make a difference for Harrow' the Council wants to enable residents to become more active citizens by providing support and opportunities for residents to play a greater part in

making Harrow better. The Community Library also supports the priority of 'Making a Difference for Communities' which aims to work with residents and the voluntary and community sector to improve the capacity and resilience of all communities, and be able to step in where public services can no longer operate or are affordable. The Community Library also supports the priority of 'Making a Difference for Local Business'. The re-opening of the library will encourage growth in the local economy by attracting increased footfall to the shops in North Harrow.

## **6. Legal Implications**

- 6.1 The Localism Act 2011 encourages devolving more power to local communities.
- 6.2 The Council has the power to grant leases of land pursuant to section 123 of the Local Government Act 1972 subject to such transactions, where they exceed seven years duration, being at the best consideration that can reasonably be obtained. To the extent that the consideration is less than the best that can reasonably be obtained, the Secretary of State has issued a general consent (Circular 06/03) to such transactions on the basis that (i) the amount of the undervalue calculated by reference to the unrestricted value of the land does not exceed £2 million; and (ii) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the promotion or improvement of the economic, social or environmental well-being of the whole or any part of the borough, or of all or any of its residents.
- 6.3 The contractual terms governing the relationship between the Council and NHCL will be set out in the Joint Working Agreement and the sub-lease to be entered into by the parties. The sub-lease is to be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954 as amended and will contain appropriate break provisions in the event of default by NHCL or in case of redevelopment of the building. The grant of the sublease will also require the consent of the Council's landlord.

## **7. Financial Implications**

- 7.1 The Library Strategy 2015-18 approved by Cabinet in March 2015 resulted in a MTFs saving of £389k and included the closure of 4 libraries including North Harrow Library. NHCL submitted an application to re-open North Harrow Library as a community library outside of the Council's statutory library provision.
- 7.2 One off transition funding of £14k is to be provided by the Council in year one only to enable NHCL to deliver their business plan. This is to be met from the Transformation and Priority Initiatives Fund.



7.3 A funding equivalent to market rent per annum is to be provided to NHCL for the full lease term of 20 years to enable the Charitable Trust to fund payment under the sub-lease arrangement. This will be repaid by NHCL on an annual basis in payment of the rent meaning that there will be no net financial implication to the Council.

7.4 Under the terms of the lease NHCL will be responsible for all repairs and maintenance costs. VAT implications should be considered in any event where the Council incurs expenditure on the building in the future as the building has not been opted to tax.

7.5 Option C considered selling back the lease to the landlord. There may be an opportunity cost for discounting this option as a one-off income could otherwise be achieved, subject to any negotiations with the landlord.

## **8. Equalities implications / Public Sector Equality Duty**

8.1 An Equalities Impact Assessment (EqIA) has been conducted (Appendix 1) and no negative impacts have been identified for any of the protected characteristics. There could be a positive impact on all characteristics if North Harrow Library re-opens as a community library serving the community. The particular protected characteristics that would benefit from the opening of the community library following the closure of North Harrow and Rayners Lane Libraries in June 2015 are children and older people, people with disabilities, and women who are pregnant who may find it more difficult currently to travel to an alternative Harrow library.

## **9. Council Priorities**

This proposal delivers the Council's vision as follows:

### **Working Together to Make a Difference for Harrow**

- Making a difference for the vulnerable by providing a range of library services and activities for local residents and in particular older people, young people, and those with a disability.
- Making a difference for communities and families by offering a range of library services and activities for all ages to reach different communities in the local area.

North Harrow Community Library will directly contribute to the Harrow Ambition Plan 2020. The library will help to 'Build a Better Harrow' by providing additional community services to residents and providing volunteering opportunities. The community library will also help to make Harrow 'Be more Business-like and Business Friendly' by providing a cost effective way of providing library services as well as contributing to the local economy. The Community Library will also 'Protect the most Vulnerable and Support Families by providing a range of services free of charge to local residents.

### Section 3 - Statutory Officer Clearance

Name: Jessie Man	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 7 April 2017		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 April 2017		

<b>Ward Councillors notified:</b>	<b>YES</b>
<b>EqIA carried out:</b>	<b>YES</b>
<b>EqIA cleared by:</b>	Dave Corby, Chair of the Directorate Equality Task Group, Community and Regeneration and Planning

### Section 4 - Contact Details and Background Papers

**Contact:** Tim Bryan, Service Manager – Libraries, Sport and Leisure. Tel: 020 8416 8639 (x8639), email: [tim.bryan@harrow.gov.uk](mailto:tim.bryan@harrow.gov.uk)

**Background Papers:**  
Cabinet Report Library Strategy, 2015-2018 19<sup>th</sup> March 2015

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=62361&Ver=4>

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NOT APPLICABLE**

*[Call-in applies]*