

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.
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***PART ONE REPORT TO CABINET – 16 DECEMBER 2014***

**TITLE OF REPORT: HITCHIN MUSEUM & THOMAS BELLAMY HOUSE, HITCHIN**

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

**1. SUMMARY**

1.1 The Museum Service is due to vacate Hitchin Museum when the service moves to the new North Hertfordshire Museum in 2015. This report reviews options for Hitchin Museum and nearby Thomas Bellamy House after the relocation.

**2. RECOMMENDATIONS**

2.1 That Cabinet notes the contents of this Part 1 public report and defers an in principle decision on which option to progress in order to consider the issues raised within the Part 2 exempt report that follows.

2.2 That Cabinet notes that subject to Cabinet’s decision under the part 2 exempt report that a further report will be presented to cabinet in due course.

2.3 That Cabinet notes that Hitchin Museum has not yet been declared surplus.

**3. REASONS FOR RECOMMENDATIONS**

3.1 To carry out an options appraisal of Council property that will become vacant.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 These are included within the report.

**5 FORWARD PLAN**

5.1 This report contains a recommendation on two key decisions that were first notified to the public on the Forward Plan in December 2013.

**6. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS**

6.1 Local Ward Councilors Harwood, Leal-Bennett and Clark have been consulted to gain their initial general comments with regard to these buildings.

## **7. BACKGROUND**

- 7.1 Charnwood House, the building that became Hitchin Museum, was conveyed to the Urban District Council of Hitchin by a Conveyance dated 1<sup>st</sup> May 1937 made between Hubert John Moss and Wallace Benjamin Moss as grantors and UDCH. Clause 3 of the Conveyance reads: *“The grantors have offered the said property as a gift to the Urban Council to be held by the Council in perpetuity as a Public Library and Museum for the benefit of the Inhabitants of the said Urban District.”*
- 7.2 Around 1963 a wing of Hitchin Museum Library was demolished so that a modern library building could be constructed. The new Library will be celebrating its 50<sup>th</sup> birthday in 2015. Since 1974 the Library Service has become the responsibility of Hertfordshire County Council and North Hertfordshire District Council, as successor to the Urban District Council of Hitchin, became responsible for the Museum Service.
- 7.3 The Museum Services has two Museums, one at Letchworth and the other at Hitchin. The new North Hertfordshire Museum is under development and is to be located in Hitchin Town Hall. The museum service is due to relocate to the new Museum in 2015. Hitchin Museum will then become vacant.
- 7.4 This report looks at five options for Hitchin Museum after the relocation: reuse by NHDC, renting the building on the open market, renting the building to non commercial/community group or groups, selling the freehold of building or granting a 99 year long lease. As part of the options appraisal it also looks at a sixth option of disposal of Thomas Bellamy House. Indicative costs are provided within the part 2 exempt report that follows.
- 7.5 The part 2 exempt report addresses the implications of the 1937 conveyance.
- 7.6 Both Hitchin Museum and Thomas Bellamy House are Grade 2 listed buildings.
- 7.7 Both Hitchin Museum have been listed as assets of community value. The nominations were made by Hitchin Bridge Club.
- 7.8 Rationalisation of the Council’s estate supports the Priority of “Living within our means”.

## **8. ISSUES**

- 8.1 Property Services commissioned a feasibility study to assess the options and costs for refurbishing Hitchin Museum to a suitable standard for office accommodation. The feasibility study provided the following information:
- Anticipated costs of general repairs and maintenance required to the premises as it exists. This informs the works and costs required to the premises outside of any internal refurbishment.
  - Anticipated costs of works to the building in order that it can be let to one single occupier as offices
  - Anticipated additional costs to the above to convert the premises to let to two occupants, assuming a tenant per floor with shared reception.

- 8.2 Condition surveys of Hitchin Museum and Thomas Bellamy House, carried out in 2013, have identified the existing and future maintenance requirements of the buildings. Should an option to maintain the existing situations of the premises be chosen the anticipated costs of maintaining each of the buildings are as follows:

Hitchin Museum	£97,500
Thomas Bellamy House	£273,000

These costs are calculated on; the minimum maintenance repairs and compliance servicing required for a 10 year period at Hitchin Museum, and all priority 1-3 repairs and compliance servicing required for a 10 year period at Thomas Bellamy House. Energy costs have not been included in these calculations.

- 8.3 With reference to the condition surveys carried out the anticipated maintenance costs of Hitchin Museum should the premises be refurbished have been calculated as and additional £202,500 to the £97,500. Total costs allowed are for external maintenance, decorations heating and plumbing works that will be necessary to ensure the future use of the building.
- 8.4 The feasibility study identified an additional £125,000 of works to undertake improvements to escape routes, lavatory and welfare provision and fire protection enhancements required to enable the building to be occupied by a single tenant.
- 8.5 In addition to 8.3 and 8.4 the feasibility study identified a requirement for a further £115,000 of enhancements to enable occupation by two tenants on separate floors. The additional works required would include the installation of a lift, entrance/reception screening, separate heating systems and increased fire separation between floors.
- 8.6 A further option to provide multi occupancy 'units' on each floor of the building has been considered. In addition to 8.3, 8.4 and 8.5, an additional £25,000 would be required to sub divide each floor with suitable compartment walls and improve Fire Alarm systems.
- 8.7 Both Buildings are grade II listed. NHDC planning department have been consulted regarding the proposal to refurbish Hitchin Museum. A change of use application and listed building consent would be required. Given the town centre location of the premises the parking provision is likely to be acceptable.
- 8.8 Charnwood Community Management Association has expressed interest in taking over the Hitchin Museum building. Their Facebook page indicates that they are "an association of Hitchin residents whose aim is to acquire and manage Charnwood House (the former Hitchin museum) for use as a community centre." The Association has met with Officers and made presentations to both Cabinet and Hitchin Committees. They have indicated that they have access to some external funding and that its availability may be time limited. The have requested access to carry out a building survey.
- 8.9 Charnwood Community Management Association make reference to the "former" Hitchin museum, which strictly speaking is incorrect. Although the building is not normally open to the public any more the Museum Service will continue to be in occupation until it moves to the new District Museum. Access for a survey has not been provided to the Association as this would be in appropriate whilst the building is still in operation use, at the time

Cabinet had not received an options appraisal report and the building has not been declared surplus.

- 8.10 It is understood that other community groups have expressed interest in Hitchin Museum. There has not yet been any formal test of the market place to establish the level of interest in Hitchin Museum but it seems likely that, based upon feedback received so far, a number of community groups may be interested in taking over the Hitchin museum building should it become available. It is recommended that should this option be progressed that appropriate building management arrangements are put in place to make certain that of the various groups could use the building together.
- 8.11 Under the 1974 Local Government Reorganisation the Library Service went to the County Council and the Museum Service to the District Council. The exact details of the property split between District and County was not formalised at that time. There are on-going discussions with the County Council.

## **9. OPTIONS**

- 9.1 Option A: re-use by the District Council.

No long term alternative uses by the District Council have been identified for reuse of Hitchin Museum. However some short term uses have been suggested including temporary storage by the Museum Service for a few months after the opening of the new District Museum. This could provide a breathing space whilst their exact long term storage needs are reassessed after the move to the new building.

- 9.1 Option B: renting Hitchin Museum on the open market

The building could be offered to let on the open market. Advice from local property agents suggests that the building is unlikely to be attractive to professional businesses and office users as they now prefer more modern open plan buildings. Parking may also be an issue. Any prospective tenant may also be discouraged by the cost of works to improve the building or would require a substantial rent free period.

- 9.2 Option C: letting Hitchin Museum to non commercial / community groups

As noted in paragraph 8.8, there is likely to be some interest in using this building by non commercial community groups. Typically such groups look for reduced rents and need long leases to support grant funding. They may also be seeking up front improvements to the building. Occupation by more than one group is likely to maximise the use of the building. For the smooth running of the building a suitable management arrangement would be necessary. Depending upon the management arrangements, the District Council as landlord may be required to provide on-going resources such as property and service charge management. This will have resourcing implications.

- 9.3 Option D: sale the freehold of Hitchin Museum

The sale of the property would raise a capital receipt. Prior to sale issues such as how much of the associated land and what parking is included in the sale will need to be agreed with Hertfordshire County Council and then formalised with the Land Registry prior to sale of the building. Any prospective purchaser will probably make an offer subject to planning for change of use and listed buildings consent. Any gross offer will normally be reduced to

reflect the costs of any alterations to the building. The issues of the implications of the 1937 conveyance will need to be addressed.

#### 9.4 Option E: granting a long lease of Hitchin Museum

Comments are similar to the option of a freehold sale. A long lease of say 99 years will allow the District Council to exercise more control over the future use of the building and could provide a ground rent. If at below market rent, the difference between this option and option B is the time period.

#### 9.5 Option F: Sale of Thomas Bellamy House

Thomas Bellamy House is currently let to two non commercial organisations, the Citizens Advice Bureaux (CAB) and Westminster Drugs Project (WDP). As part of the options appraisal an alternative proposal is to relocate CAB and WDP from Thomas Bellamy House into Hitchin Museum. If a property sale is to be proposed then sale of Thomas Bellamy House rather than Hitchin Museum has a number of advantages: There are no conveyancing issues with Thomas Bellamy House, it has more off street parking spaces and a sale should be more straight forward as there are no issues to resolve with a neighbour e.g. HCC over boundary and parking with the Library. Arguably Thomas Bellamy House is a more prominent building and will be easier to convert. More than one local community group has expressed interest in acquiring this building.

9.6 CAB and WDP have been consulted and have not raised any objections to moving to Hitchin Museum subject to the layout of the building being suitable for their needs including private meeting rooms. This option would require alterations and repair to Hitchin Museum. Based upon discussions with CAB & WDP they will each need private interview and waiting rooms and general office space. Depending upon the layout up to half the space in Hitchin Museum could be made available for other community or non commercial groups. Therefore this option equates to option C (9.2)

### **10. LEGAL IMPLICATIONS**

10.1 Clause 5.6.21 of the Constitution permits the Cabinet to dispose of land or buildings where the consideration is between £250,000 and £2,500,000.00.

10.2 The Contract Procurement Rules and specifically Appendix 1 apply to the sales of land or property. If Cabinet were to agree to dispose of either property the Officers seeking to market and dispose of the property would be required to do so within the remit of the Contract Procurement Rules.

10.3 Section 123 of the Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal.

10.4 Under Section 123(2) the Secretary of State has issued a general consent for disposals at less than best consideration that can reasonably be obtained. These permit such disposals where:

- (a) The undervalue does not exceed £2,000,000.00
- (b) It is likely to achieve (in the whole or part of NHDC's area) any one or more of the following objects:
  - (i) The promotion or improvement of economic well-being.
  - (ii) The promotion or improvement of social well-being

- (iii) The promotion or improvement of environmental well-being

If the proposed disposal proceeds at an undervalue then it can do so under this general consent.

10.5 NHDC owns the freehold of both properties.

10.6 The legal advice received by the District Council has considered the 1937 Conveyance and other issues that have arisen as a result. The considered view of Officers is that the District is able to deal freely with the Museum. Officers advice is set out in Part 2 of this report.

## **11. FINANCIAL IMPLICATIONS**

11.1 The options discussed in this report provide different scenarios for building use and also differing levels of expenditure by the District Council. In addition they raise opportunities for either on-going revenue or one-off capital receipts. From a financial perspective, option F (in conjunction with option C) would appear to be worth further consideration.

11.2 By considering both buildings together, solutions could entail a combination of some of the above options and generate capital receipts whilst also accommodating community uses.

11.3 The sale of assets reduces the risk to the Council arising from the duties under the Occupiers Liability Act 1957 and 1984. The sale will also generate a capital receipt to assist in funding the Council's capital investment programme.

## **12. RISK IMPLICATIONS**

12.1 There is a risk that either Hitchin Museum or Thomas Bellamy House will become unoccupied in 2015. Unoccupied buildings that are surplus to Council requirements become an unnecessary liability for the Council to repair and maintain. Agreeing a clear plan for the potential future use of these buildings will potentially shorten any period they are vacant and will reduce the cost of this risk.

12.2 Separate risk entries exist on Covalent, the Council's performance and risk system in respect of these two buildings.

## **13. EQUALITIES IMPLICATIONS**

13.1 The Equality Act 2010 came into force on the 1 October 2010. The Act created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a general duty that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

13.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

13.3 Cabinet will need to be mindful of any potential impact to the local community of their chosen option. The paper notes that there are a number of the options that have clear benefits to local non commercial community groups and wider community and others that do not. The report identifies that funds may be needed to support CAB's and WDP's transition from Thomas Bellamy House

to Hitchin Museum if this option was deemed appropriate. As funding is limited then investment in this project would need to be balanced against the cost/value of not funding another project or group. A clear and accurate interpretation of the conveyance also needs to be agreed and acted on.

#### **14. SOCIAL VALUE IMPLICATIONS**

- 14.1 As the recommendations made in this report do not constitute a public sector contract, the measurement of “social value” as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

#### **15. HUMAN RESOURCE IMPLICATIONS**

- 15.3 There are no human resource implications arising from this report.

#### **16. CONTACT OFFICERS**

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#### **17. BACKGROUND PAPERS**

- 17.1 Feasibility Report on refurbishment of Hitchin Museum for offices 2014.