

Cyngor Sir CEREDIGION County Council

REPORT TO: Corporate Resources Overview and Scrutiny Committee

DATE: 19th December 2022

LOCATION: Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron / remotely via video conference

TITLE: Feidr Fair Site, Cardigan

Purpose of the Report

At the Corporate Resources Overview and Scrutiny Committee meeting on the 19th October 2022 Members raised queries about the acquisition of the Feidr Fair site in Cardigan. It was agreed that a report be prepared for the next meeting of the Committee.

Background

In March 2021 the owner of the Feidr Fair site contacted the Council to say that he had received offer of £680k for the land currently used as a car park from another party. The owner asked whether the Council wanted to purchase the site rather than selling it to a private developer. The owner said at the time that the land has been valued at £1.25m given its redevelopment potential.

Strategic Case

The site, currently used as a car park, is well located for the town and other uses, so is well used, and contributes to the attractiveness of the town with people using the car park to visit the town. The loss of car parking close to town would undermine efforts to regenerate the town and tackle the impact of economic decline.

The site also provides an important pick-up and drop-off area for Ysgol Gynradd Aberteifi (430 pupils), with no obvious alternatives if the site was lost. Cardigan Primary School is a confined site, with only room for a limited number of spaces for staff car parking. The carpark is key to the safe pick up and drop off of pupils in one of our largest primary schools in the county. The works on the school has compounded the difficulties on the site, these works commenced July 2022.

Business Case

The land is leased by the Council. It is a 99-year lease that comes to an end in 2053. The current lease payment is a peppercorn in today's terms.

Income from the use of the site as a car park in the years prior to the request was as follows:

- 2019/20 £68,481
- 2018/19 £70,259
- 2017/18 £68,124
- 2016/17 £68,361
- 2015/16 £55,315

In simple investment terms, the consistent income level of c£68pa equates to a payback period of 8.8 years and is equivalent to an investment return of 11.3%pa. The income stream already exists, so this is not capital expenditure for the purpose of an outright new commercial return, but it does demonstrate that securing this income stream provides value for money when looked at using these metrics.

In addition, it was recognised that the value of the site would increase as the number of years remaining on the lease reduced, reflecting the increased value of land for development purposes.

Discussions with the Developer

Initial responses to the request were positive given the interest from another party but tentative given the length of the remaining lease. Initial discussions focused on teasing out the vendors intentions, whether the offer from another party was a firm offer or not, and the implications to the Council should the site be sold to that party. Initial weighing up of these factors suggested no immediate urgency to proceed but to maintain dialogue in a low-key way.

During 2021 it became more apparent that the vendor was aware of historic work (swimming pool and grounds, road widening and pavements) that appears to encroach on the land leased from him. This could cause problems to the Council if the owner or a new owner sought to enforce or re-negotiate lease condition with a risk of the lease being terminated.

This meant that it was important to secure the site to maintain the car park to support the town and the school, to secure current income and to secure future development potential rather than risk losing the site.

Discussions with the developers were therefore stepped up in order to achieve a positive outcome for the town and for the Council.

Timing of Purchase

As part of the above discussions, the potential to defray Welsh Government funding to 2022/23 was considered, rather than losing some or all of the funding. To do this, spending needed to be incurred by the end of March 2022.

The purchase of the Feidr Fair site was appropriate for this purpose. It would significantly support the Transforming Towns programme for Cardigan, as the spend would displace unspent funding, enabling the funds to be used for regeneration purposes in Cardigan (or elsewhere) in 2022/23.

Internal Discussion

The request and business case were initially discussed at officer level, largely within the Economy and Regeneration Service. This is normal, as officers regularly explore opportunities to support development projects and investment that support the delivery of the Corporate Strategy, in particularly the key priority of Boosting the Economy.

Increased funding from Welsh Government in 2021 and 2022 led to a number of discussions in Asset Development Group (26th January 2022) and Development Group (28th February 2022) meetings. Discussions largely focused on empty properties, commercial and industrial land, the development of Council assets, and the acquisition of some buildings and land. The minutes of the Development Group meeting on the 28th February note that the potential purchase of the site was being considered.

Meetings of the Asset Development Group at that time were members (Cllrs Rhodri Evans, Dafydd Edwards, Dan Potter, Ivor Williams and Keith Evans) and officers. The Development Group was attended by members (Cllrs Ellen ap Gwynn, Rhodri Evans, Dafydd Edwards and Gareth Lloyd) and officers.

The purchase was also discussed with Cabinet members. Members were given the specific details around the business case to support the purchase of the land at Feidr Fair and agreed the need for confidentiality before reporting the details as part of an overall asset development update after the Development Group resumed. Cabinet Members at the time were Cllrs Ellen ap Gwynn, Ray Quant, Catrin Miles, Rhodri Evans, Gareth Lloyd, Dafydd Edwards, Alun Williams and Catherine Hughes.

Decision

Authority to purchase the property was given in March 2022 by the Chief Executive, in accordance with the Constitution whereby powers are delegated 'to take decisions in relation to any Cabinet functions where urgent action is required in accordance with Paragraph 4 of Article 12 of the Constitution'.

This approach also reflected pre-election protocols. Whilst there is no prohibition on conducting normal Council business or decision making during the pre-election period, it is possible that even "business as usual" may become increasingly politicised. Councils therefore need to be careful to avoid the allegation that a report appears to support/promote or counter/undermine the views of any candidate or political party. Likewise, reports should avoid issues on which a candidate is actively campaigning. Where possible such reports should be deferred until after the elections.

In addition, powers are delegated to the Corporate Lead Officer for Economy and Regeneration to purchase properties. These powers are set out in Part 3.5 of the Scheme of Delegation to Officers – Responsibility for Council and Cabinet Functions.

This scheme delegates certain functions of the Council and Cabinet to officers and should be interpreted widely rather than narrowly. Section H deals with Delegations to the Corporate Lead

Officer Economy & Regeneration provided always that the decision is a) within the Council's budget or borrowing plans; b) within the Council's overall strategy or policy framework; c) within the Financial Regulations and Accompanying Financial Procedures; and d) Not a matter specifically reserved for Full Council, a Committee of the Council, Cabinet, a statutory officer, the Chief Executive, or Corporate Directors or Corporate Lead Officers.

Section H provides the following:

The following functions are to be delegated to the CLO Economy and Regeneration and to any officers authorised by him/her from time to time as appropriate subject to such officers being suitably qualified for the discharge of those duties and functions:

1. To negotiate and compete purchases and sales of land and property, granting of leases to and from the Council in accordance with the Asset Management Plan and Council's Capital Programme.

The site purchase was completed on the 28th March 2022 for £600k, the price reflecting the value of the income, the importance of the site to the Council and the town, the future development potential of the site and the uncertainty created by the encroachment issues.

REASON SCRUTINY HAVE REQUESTED THE INFORMATION: Members of the Corporate Resources Overview and Scrutiny Committee requested details of the acquisition at the site at its meeting on the 19th October 2022.

Has an Integrated Impact Assessment been completed? If not, please state why None

WELLBEING OF FUTURE GENERATIONS:
Summary:
Long term:
Integration:
Collaboration:
Involvement:
Prevention:

RECOMMENDATION (S): That the Corporate Resources Overview and Scrutiny Committee note the report.

REASON FOR RECOMMENDATION (S):

The paper is for information purposes.

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Designation: Corporate Lead Officer – Economy and Regeneration
Date of Report: 25th November 2022
Acronyms: None
Appendices: None