

CYNGOR SIR CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 19 March 2024

Title: Proposed sale of assets

Purpose of the report: To seek approval to sell two Ceredigion County Council assets.

For: Decision

Cabinet Portfolio and Cabinet Member:
Councillor Clive Davies, Cabinet Member for Economy and Regeneration

Introduction

A number of the Council's assets are being reviewed currently through the Development Group, advised by the Asset Development Panel. Assets that are surplus to the Councils' requirements (e.g., empty assets or assets that have or are reaching the end of the use for council services) are reviewed based on a set of criteria, including the potential for the asset to be of value in the following terms:

- Alignment with Corporate Priorities.
- Alignment with Economic Priorities (as expressed in the Economic Strategy).
- Ceredigion County Council's Medium Term Financial Strategy.
- Opportunities - either external funding, market interest etc.
- Viability of a range of potential options, including disposal of the asset.

Where an asset is recommended for disposal, the following is taken into consideration:

- that any opportunity for development by CCC may be limited in its return.
- there are obvious opportunities / interest in the market.
- there are insufficient resources to realise a development potential, even where an opportunity may be present.

Assets recommended for disposal

Assessments are on-going on a range of assets, and the following assets have been assessed by the panel and a report was submitted to the Development Group recommending their disposal as set out below:

i. Land and Buildings Derwen Gardens, Adpar

Reference – Appendix 1, which sets out the rationale for the recommendation to dispose of the asset at the open market as a complete package of lots.

Whilst there would be an opportunity for the Council to undertake some of the infrastructure / site development work, the financial gains would, in our opinion be

marginal, and the resources of the team are going to be focused on other strategic assets across the County. In the meantime, this asset is likely to cost the Council an increasing amount of revenue expenditure in maintenance and repairs.

Estimated value - £525,000 - £700,000

It is proposed that the asset is sold on the open market, ensuring that all efforts are made to broaden the visibility of the sale process to maximise the value achieved.

ii. Garage Glyndwr Road, Aberystwyth

Reference – Appendix 2, which sets out the rationale for a recommendation to sell the asset on the open market.

The property has been subject to an annual license since 2003 with 28 days notice for specific use for domestic lock up. The licence is with the adjoining veterinary business. The current value of the licence is £800 / year on the basis of domestic use. This asset has been retained and protected due to the proximity of the neighbouring Tesco development as it may have been a potential access point. The adjoining development is now complete, and the site is now surplus to requirements. Works are now required for the external elements to bring up to standard (cost approximately £5,000-£10,000).

The Asset Team have been approached by the veterinary practice to purchase the garage. On the basis of the potential rental value, the asset has been valued at **approximately £30,000**. There is a potential additional marriage value of £5,000.

The service will ensure that the current holders of the licence are made aware of the intention to sell the property in advance of the sale.

Wellbeing of Future Generations:

Has an Integrated Impact Assessment been completed? If not, please state why.

The recommended sales of the asset forms part of a broader asset development programme, that looks overall at the portfolio of assets held by Ceredigion County Council and their value to the Council in terms of their existing use. Any assets recommended for disposal have been deemed to be surplus to the Council's requirements to fulfil its Corporate objectives.

As such, this action does not impact on residents and businesses in Ceredigion in general, but the recommended action will generate capital receipts that will support t Ceredigion County Council's capital programme.

Summary of Integrated Impact Assessment:

Long term:	N/A
Collaboration:	N/A
Involvement:	N/A
Prevention:	N/A
Integration:	N/A

Recommendation(s):

That Cabinet approves in principle the decision to sell the following assets:

- 1) Land and Buildings Derwen Gardens, Adpar
- 2) Garage Glyndwr Road, Aberystwyth

Reasons for decision:

To generate capital receipts from surplus assets.

Overview and Scrutiny:

The decision to sell these specific assets has not been discussed at the Corporate Resources Scrutiny Committee, however the Council's performance in maximising the use of its assets is scrutinised by the Corporate Resources scrutiny committee and is overseen by the Development Group.

Policy Framework:

Corporate Strategy 2022-27

Corporate Well-being Objectives:

The generation of capital receipts will contribute to the delivery of all four of the Council's Well-being objectives. In particular it will help deliver the objective of Providing the Best Start in Life and Enabling Learning at All Ages, as the capital receipts generated from the sale of former schools will contribute to the schools improvement programme.

Finance and Procurement implications:

Generation of Capital receipts

Legal Implications:

The sales process will follow the required procedures by ensuring the sales follow an open process.

Staffing implications:

The Assets team will conduct the sale. There are no further long-term staffing implications.

Property / asset implications:

The sales will generate a capital receipt from assets and reduce the Council's liability to maintain the assets.

Risk(s):

There are risks to the Council in not being able to realise the full market potential for the assets, and therefore generating lower than expected capital receipts for the asset. In the long term, this would lead to a risk of being unable to reduce liabilities from surplus assets.

Statutory Powers:

The Council has Statutory powers to sell its assets under the Local Government Act 1972 to dispose of land in any manner they wish provided that the disposal is not at an undervalue.

Background Papers:

None

Appendices:

Appendix 1- Land and Buildings Derwen Gardens, Adpar

Appendix 2- Garage Glyndwr Road, Aberystwyth

(The appendix provides the land registry information on the assets being recommended for sale)

Corporate Lead Officer:

Russell Hughes-Pickering, Corporate Lead Officer: Economy and Regeneration

Reporting Officer:

Arwyn Davies, Corporate Manager, Growth and Enterprise

Date:

7/3/24

Asset Site Feasibility

PAD 001 Land and Buildings Derwen Gardens Adpar



THE SITE / PLANS



Principal author: Graeme Lane

Date - January 2024

SITE BASED BUSINESS RISK APPRAISAL

SITE DETAILS

Site Name:	Land and Buildings, Derwen Gardens, Adpar,
Property Mix:	Offices and Stores with land 1000m2 0.25Acre and Car Park 220m2 Old yard and stores 700m2 0.2 Acre Land 5,500m2 1.33 Acres
Funding (Source, amount, spending, restrictions)	Business rates £7222/annum Business rates £3424/annum Business Rates £2141/annum Total £12,793/annum Annual Maintenance
Policy support	Housing Allocation in the LDP

SECTION 1 – Scheme Sustainability Assessment

	Risk Indicator	Score (1-5)	Development Manager Comment
1.1	Local Area and suitability for development	5	Derwen Gardens is largely residential. Discussions have taken place with Developers and a Housing Association both who are in discussions with neighbouring landowners and expressed interest in developing this and the wider sites.
1.2	Development/ Land Bank/ Disposal	5	Disposal - Residential purposes and support Housing demand needs and gain some much-needed capital receipts for Local Authority. The Local Authority does not have the internal resources to self-develop.
1.3	Housing/ Commercial Light industrial	4	Housing is the predominant development In the area mostly ex council housing stock which has benefited from energy performance improvements including EWI
1.4	General environment	2	The site with Offices has deteriorated over the past 10 years and has been subjected to ASB and damage both internally and externally.
1.5	Environmental / Green Space and Carbon impacts	2	2 of the sites have green space one of which is adjacent to a play area. There is a tree border between the old yard and the green space, and the site is SSW gently sloping.
1.6	Community well-being	4	This site would increase development opportunity for housing and unlock neighbouring sites creating local employment and training during construction and post maintenance.
	Total Score	22	

SECTION 2 - Development Risk Assessment

	Risk Indicator	Score (1-5)	Comment
2.1	Stakeholder Support		Asset Development Team – recommend open market sale of combined sites to one purchaser. A private developer or social landlord with experience to develop would be able to unlock the full potential this site offers. Asset Panel - Development Group -
2.2	Technical /Construction	3	Significant development opportunity can be unlocked by this site however will require the phosphates issues to be resolved ahead of any planning approvals.
2.3	Legal	4	Freehold ownership of the sites identified, and any further risks pass to new owners
2.4	Strategic Priorities and Regeneration	5	Boosting the Economy, Supporting Businesses and Enabling Employment Creating Caring and Healthy Communities Providing the Best Start in Life and Enabling Learning at All Ages Creating Sustainable, Green and Well-connected Communities
	Total Score	12	

SUMMARY

Scheme Sustainability Assessment	22 out of 30
Development Risk Assessment	12 out of 20
Site Based Business Risk Appraisal Score	34 out of 50

SECTION 3 – Scheme Based Financial appraisal.

Background

In September 2015 a report was presented to Cabinet recommending the sale of land off Derwen Gardens to an adjoining landowner at an agreed price of £200,000. Cabinet agreed to the sale as recommended. Following the decisions arrangements were put in place to sell the land but the sale did not proceed to completion. This was represented to Cabinet in 2017 where discussions resumed as the landowner who was considering working with a developer to bring forward the land for housing. However, did not progress.

The current condition of the buildings is poor to very poor condition with dry rot prevalent in half of the main building. External elements are either failing or damaged to a point of requiring boarding up or reactive maintenance. The properties have been combined to offer a significant development opportunity for a larger scale developer to develop a plan creating access to adjoining land. The current insurers have requested the Council to Fence off the building completely due to safety issues related to anyone who breaks in who could fall through the rotten floors. The buildings have been subjected to damage, break in's and numerous reports of alarms being triggered which have now been turned off altogether. The largest building is considered to dangerous to access due to dry rot and the cost of making good would be prohibitive. This site would also offer potential for development.

Project Value

Indicative £125,000 - £150,000 for the office buildings and land to the south

Indicative £200,000 - £250,000 Land To north of Old yard

Indicative £100,000 - £150,000 Old yard site

Indicative £100,000 - £150,000 Hope value for access to surrounding land.

Indicative **£525,000 - £700,000 Value**

Scheme Viability

Selling the combined site to one developer will ensure the future development and control by the purchaser. One ownership is critical to avoid ransom strips which would hold up progress.as work will be required on the adjacent sites to preserve the development opportunity via improved visibility splays. The combination of these sites unlocks greater opportunity which support the Housing waiting list demands. Progress is being made on the Teifi Catchment regarding Phosphates and is being used as a pilot to progress works and activity with significant funding.

SECTION 4 – SUMMARY AND RECOMMENDATIONS

Asset Development Service Manager Comments

It is recommended that Asset Panel / Development Group and Cabinet resolve to sell the Council's freehold interest of the combined sites of land and buildings off Derwen Gardens, Adpar. Best value will be achieved from private developers of the wider development opportunity/adjoining landowner to maximise the potential of the allocated housing development site.

The sale will realise a Capital receipt for the Council and enable development of an allocated housing development site.

Date: 5/2/24

Asset Panel Comments

Happy to proceed as Allocated on LDP for housing
Legal due diligence to be carried out
Review in 12 months should sale not be successful

Date: 5/2/24

Development Group Recommendation:

Support the sale of the property as recommended, with the caveat that all efforts are made to broaden the visibility of the sale process to maximise the value achieved.

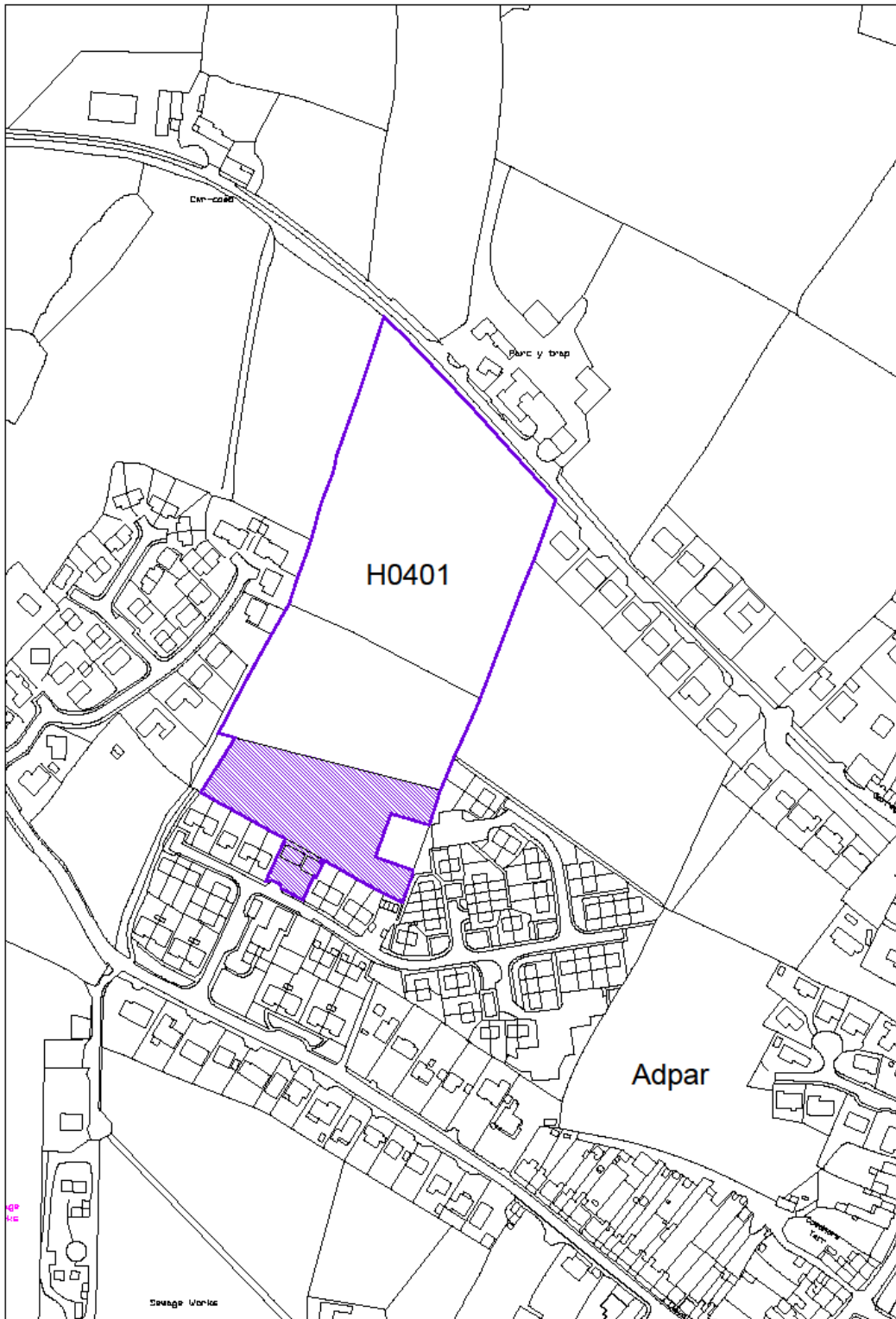
Date: 12/2/24 and 21/2/24

Cabinet Resolution:

Signed:

Date:

Appendix 1

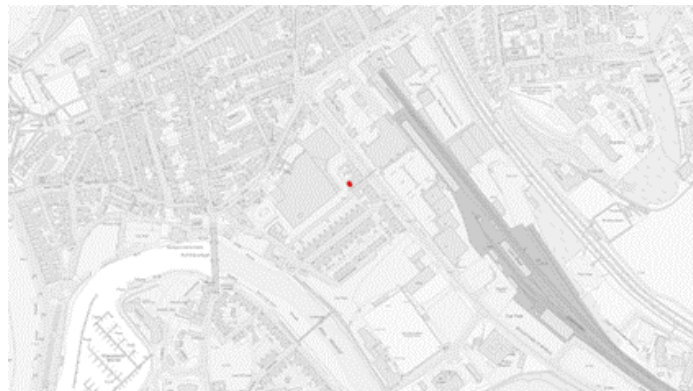
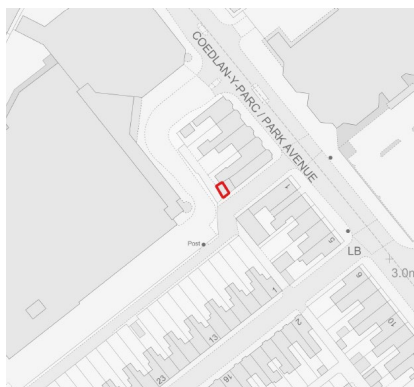


Asset Site Feasibility

Garage Glyndwr Road, Aberystwyth.



THE SITE / PLANS



Principal author: Graeme Lane

Date - January 2024

SITE BASED BUSINESS RISK APPRAISAL

SITE DETAILS

Site Name:	Garage Glyndwr Road, Aberystwyth
Property Mix:	Garage
Funding (Source, amount, spending, restrictions)	No NDR Annual Maintenance – none / minimal
Policy support	Previously covered by a policy not to sell within the former asset disposal policy

SECTION 1 – Scheme Sustainability Assessment

	Risk Indicator	Score (1-5)	Development Manager Comment
1.1	Local Area and suitability for development	4	The local vets are or were currently using as part of their business. This has limited development opportunity but would offer the current lessee the opportunity to improve the existing space.
1.2	Development/ Land Bank/ Disposal	4	Disposal – to enable an expansion of business.
1.3	Housing/ Commercial Light industrial	4	Commercial use
1.4	General environment	4	The site is need of minor repairs and ongoing maintenance
1.5	Environmental / Green Space and Carbon impacts	5	The area is wholly developed with negligible impact.
1.6	Community well-being	4	Little impact except improving local business opportunity
	Total Score	25	

SECTION 2 - Development Risk Assessment

	Risk Indicator	Score (1-5)	Comment
2.1	Stakeholder Support		Asset Development Team – recommend open market sale. Asset Panel - Development Group -
2.2	Technical /Construction	4	Already developed

2.3	Legal	4	Freehold ownership of the site identified, and any further risks pass to new owners
2.4	Strategic Priorities and Regeneration	2	Boosting the Economy, Supporting Businesses and Enabling Employment
Total Score		10	

SUMMARY

Scheme Sustainability Assessment	25 out of 30
Development Risk Assessment	10 out of 20
Site Based Business Risk Appraisal Score	35 out of 50

SECTION 3 – Scheme Based Financial appraisal.

Background

The property has been subject to an annual license since 2003 with 28 days notice for specific use for domestic lock up. The licence is with the adjoining veterinary business. The current value of the licence is £800 / year on the basis of domestic use. This asset has been retained and protected due to the proximity of the neighbouring Tesco development as it may have been a potential access point. The adjoining development is now complete, and the site is now surplus to requirements. Works are now required for the external elements to bring up to standard (cost approximately £5,000-£10,000)

The Asset Team have been approached by the veterinary practice to purchase the garage. On the basis of the potential rental value, the asset has been valued at approximately £30,000. There is a potential additional marriage value of £5,000.

Project Value

Garage value £30,000+ on the open market

SECTION 4 – SUMMARY AND RECOMMENDATIONS

Asset Development Service Manager Comments

It is recommended that Asset Panel / Development Group recommend to Cabinet to move this from the Corporate estate resolve to sell the Council's freehold interest of this site. Best value will be achieved from marriage value from the current licensee. The sale will realise a Capital receipt for the Council.

Signed:

Date:

Asset Panel Comments

Signed:

Date:

Development Group Recommendation:

Signed:

Date:

Cabinet Resolution:

Signed:

Date: