

SUBJECT: Sale of County Hall, Cwmbran

MEETING: Economy and Development Select Committee

DATE: 15th March 2018

DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

This report is to consider the disposal process and appointment of a preferred bidder of the former County Hall site.

2. RECOMMENDATIONS:

- 2.1** That Economy and Development recommend to Cabinet the acceptance of a “subject to contract” basis the offer for the purchase of Monmouthshire County Councils 50% share of the freehold interest in the former County Hall Site to the preferred bidder.

3. KEY ISSUES:

- 3.1** The site is jointly owned by Monmouthshire Council and Torfaen County Council and a Project board was established to manage the disposal of the surplus site. Monmouthshire took the lead on the demolition of the buildings and Torfaen Estates Department has handled the marketing of the site on behalf of the two councils.
- 3.2** There have been two failed attempts to sell the site. The first sale was agreed but subsequently failed as attempts were made to reduce the price to a level that was unacceptable. The second sale was agreed to a bidder that was unable to complete the sale due to financial difficulties.
- 3.3** The Property was placed back on the market in March 2017 and following a two month marketing period six offers were received.
- 3.4** Three bidders were shortlisted and invited to carry out further due diligence on the site which would allow their offer to be further refined. Bidders were allowed access to the site to undertake technical site investigations.
- 3.5** Following a reasonable period the three parties were asked for their “best and final offers”. The preferred bidder was selected from this process following evaluation of the bids by Torfaen Estates department.
- 3.6** The preferred bidder was then allowed a period of time to work with the planners in order to refine the site design and make allowances for the layout including the siting of the

social housing and the exclusion zone around the ancient woodland area. The bidder also further refined the drainage strategies.

- 3.7 The preferred bidders refined the “abnormal costs” which saw them increase significantly most notably following issues with their drainage strategy as a result of consultation with the highways authority and clarification of the section 106 contributions.
- 3.8 Following this work a figure was arrived at which discounted the abnormal costs from the previous offer. Unfortunately this figure was below the price expectations which the councils had for the site. Further negotiations were undertaken with the preferred bidder to bring the land value in line with Council expectations and as a result the offer has been revised to a level that both Councils can agree.

4. OPTIONS APPRAISAL

- 4.1 Withdraw the site from the market – This would result in the site being land banked for a period of time to allow the market conditions to improve, particularly given its proximity to the new hospital facility. Given the uncertainties around timescales and the uplift in value that had been negotiated this option was discounted.
- 4.2 Withdraw from the preferred bidder and re-market the site – Given that the site had already been presented to the market on two separate occasions, it was considered that this was unlikely to yield any significant uplift in value and potentially blight the site in the short term. In addition Torfaen LPA are intending to introduce CIL which has the potential to reduce the receipt further.
- 4.3 Proceed with the disposal of the site to the preferred bidder – given that the land value has now been negotiated to a level that is comparable to other local transactions, this was determined to be the preferred option as it would enable both councils to realise a capital receipt and enable the provision of housing within the Torfaen area.

5. EVALUATION CRITERIA

- 5.1 See appendix 1

6. REASONS:

- 6.1 The site is a key site within Torfaen’s LDP and has been surplus since the building was demolished in 2013 following the vacation from the building in March 2012.
- 6.2 The capital receipt from the sale is earmarked to the Council’s 21st century school programme. The offer from the preferred bidder has been made subject to planning consent, however they are will not commence this process until such time both Councils have agreed to accept the offer.
- 6.3 It is intended that an overage clause will be included within the documentation to safeguard any subsequent uplift in value as a result of increasing unit numbers.

7. RESOURCE IMPLICATIONS:

7.1 The sale of the asset will generate a capital receipt of £2,900,000, which will be shared equally between both parties following the deduction of costs which will be realised at the point of contractual completion following the grant of planning consent.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):

9. CONSULTEES:

Head of Commercial and Integrated Landlord Services
Head of Operations
Cabinet Member for Resources

10. BACKGROUND PAPERS:

10.1 Previous Economy and Development Select Committee Minutes – [Click Here](#)

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Evaluation Criteria – Cabinet, Individual Cabinet Member Decisions & Council

Title of Report:	
Date decision was made:	
Report Author:	

What will happen as a result of this decision being approved by Cabinet or Council?

Disposal of the former County Hall asset.

12 month appraisal

Was the desired outcome achieved? What has changed as a result of the decision? Have things improved overall as a result of the decision being taken?

What benchmarks and/or criteria will you use to determine whether the decision has been successfully implemented?

The site has been sold, Capital Receipt realised.

12 month appraisal

Paint a picture of what has happened since the decision was implemented. Give an overview of how you fared against the criteria. What worked well, what didn't work well. The reasons why you might not have achieved the desired level of outcome. Detail the positive outcomes as a direct result of the decision. If something didn't work, why didn't it work and how has that effected implementation.

What is the estimate cost of implementing this decision or, if the decision is designed to save money, what is the proposed saving that the decision will achieve?

It will realise a capital receipt of £1,450,000 less disposal costs.

12 month appraisal

Give an overview of whether the decision was implemented within the budget set out in the report or whether the desired amount of savings was realised. If not, give a brief overview of the reasons why and what the actual costs/savings were.

Any other comments

