

## BACKGROUND PAPER

**SUBJECT:** Sale of the former County Hall, Croesyceiliog – Disposal Process  
– Decision subsequent to Call in – 5<sup>th</sup> January 2016

**MEETING:** Cabinet

**DATE:** 21<sup>st</sup> January 2016

**DIVISION/WARDS AFFECTED:** All

### 1. Background paper:

The agenda papers for the meeting on the Cabinet meeting on 21<sup>st</sup> January 2016 provides the minutes of the Economy and Development Select Committee plus the report to Cabinet on the 2<sup>nd</sup> December 2015.

However this background paper provides further information that the Economy and Development Select Committee considered should be brought to the attention of Cabinet members to inform their decision.

Effectively Cabinet will either uphold their previous decision (i.e. of the 2<sup>nd</sup> December 2015) or if the decision is not to uphold the previous decision then officers would suggest that we advise Torfaen CBC accordingly and instruct MCC officers to seek further advice on an alternative method of disposal. The outcome of these investigations to be reported back to Cabinet.

### 2. Further Information arising from Call in

- 2.1 Torfaen CBC had undertaken an extensive marketing campaign during October and November 2014 which resulted in 6 bids being received. These were evaluated and in February 2015, Cabinet resolved to proceed with the preferred bid.
- 2.2 During their investigations the developer became aware of the need to provide surface water attenuation to provide controlled discharge of surface water into the sewage system or nearby water course as appropriate. As a consequence of this new information they significantly reduced their offer. In addition pre planning application discussions with the Local Planning authority had highlighted that the woodland had been incorrectly designated as ancient

woodland, therefore the buffer zone protecting this area could be reduced thereby increasing the net developable area of the site.

- 2.3 Given that these changes could materially affect the bids received all 6 bidders were made aware of the new information and given the opportunity to review their bids. In addition to the above changes the bidders were also made aware of the need to provide financial guarantees /security for any deferred payment proposals.
- 2.4 As a result of this process 4 of the bidders submitted revised bids. The outcome of the process is an improved financial offer on the basis of payment in full at the point of completion. The details of the highest and preferred bidder are as follows:

Affordable Housing Percentage	Amount offered for entire site	MCC Share (50%)
20%	£5,148,000	£2,574,000
30%	£4,662,000	£2,331,000

This has resulted in an uplift from the previous agreed figures as follows:

Affordable Housing %	Amount offered for entire site in 2014	MCC Share (50%)	Amount offered for entire site in 2015	MCC Share (50%)	Uplift to MCC
20%	£4,577,000	£2,288,500	£5,148,000	£2,574,000	£285,000
30%	£3,410,000	£1,705,000	£4,662,000	£2,331,000	£243,000

- 2.5 The bid received is subject to achieving a planning consent for the site and the outcome of a site investigations report, therefore members should be aware that there is still scope for the capital receipt to change subject to the outcome of these two processes.
- 2.6 Prior to marketing discussions were held with the Local Planning Authority to ascertain the potential S106 costs & highway costs so that bidders would be aware of the potential development costs when determining their financial offer. Planning gain costs are required in order to achieve a planning consent and to mitigate the impact of the new development on local infrastructure and communities. Planning gain is not a financial benefit and is a normal developer deduction along with abnormal development costs in determining the residual land value.

The Local Planning Authority has advised that the following contributions would be sought in line with their Local Development Plan.

### *Highways*

Provision of a pedestrian crossing on Turnpike Rd (costs to be determined dependent on whether a controlled or uncontrolled crossing is provided evidenced from traffic studies)

- An “infill” cycleway/footway on the eastern side of Turnpike to join up to the existing section of cycleway farther on towards the A4042 dual carriageway roundabout. The length is approximately 45m.

### *Education*

- A financial contribution towards provision of primary school education will be required. The appropriate amount depends on the number of dwellings proposed and will be calculated using the formula below.

$$\text{Education Contribution} = (\text{Number of dwellings} \times 0.29) \times (3.1 \times \text{£}3,000/\text{m}^2)$$

$$\text{i.e. } (167 \text{ units} \times 0.29) \times (3.1 \times \text{£}3,000/\text{m}^2) = \text{£}450,399$$

### *Children's Play*

- A combined 1,800m<sup>2</sup> Local Area of Play (LAP) and Local Equipped Area of Play (LEAP) must be provided on site. This must consist of 500m<sup>2</sup> active area and 1300m<sup>2</sup> buffer area. In addition a commuted sum for long term maintenance is required, currently set at £24,800.
- If there are to be more than 100 dwellings on site then a further payment will be required, as a contribution towards off-site children's recreation. This additional amount should be calculated using the following formula:

$$(X-100) \times \text{£}179, \text{ where } X \text{ is the total number of dwellings proposed.}$$

$$\text{i.e. } (167 - 100) \times \text{£}179 = \text{£}11,993$$

### *Adult Recreation*

- a payment in lieu of the on-site provision and maintenance of adult recreation facilities will be required. This is calculated based on the cost of providing a Multi Use Games Area (MUGA) at the time planning permission is granted. The appropriate amount depends on the number of dwellings proposed. It should be calculated using the following formula:

$$\text{Number of dwellings} \times \text{£}1,136$$

$$\text{i.e. } 167 \times \text{£}1,136 = \text{£}189,712$$

### *Open Space*

- It is anticipated that the extensive woodland and retained open spaces of ecological value will satisfy this obligation.

### *Acoustic Fence*

- There is likely to be a need for an acoustic fence along the A4042 dual carriageway. Further information to consider this matter will be required as part of any planning application for the County Hall site. If it is confirmed that an acoustic fence is required a commuted sum may be required for its maintenance but this depends on arrangements for future maintenance.

All bidders were required to account for these costs within their bid submission and had been deducted along with any identified abnormal costs to arrive at their net land value offer.

- 2.7 The disposal process has been overseen by a Project Board which is a joint body between Monmouthshire and Torfaen. Monmouthshire's representative on this Board is Roger Hoggins, Torfaen is Nigel Aurelius . When established MCC representative was Steve Greenslade, TCBC representative was(is) Nigel Aurelius. Gwent police joined the board when the police were contemplating the future of their HQ; their representative was Nigel Stephens. In practical terms the Board has been supported by various officers. For Monmouthshire Richard Clement, Mike Long and Barrie Pearson have all been involved/attended along with support from other teams e.g. Accounts and Estates. The Board was charged with managing the process of vacating County Hall and subsequently for the disposal of the site. Management of the process was devolved to the board with reference to the relevant Cabinet member.
- 2.8 As members are aware the former County Hall site is jointly owned with Torfaen and whilst this means that we share in the sale value of the site, the same is true of the costs incurred. Expenditure to date is broken down as follows:



- 2.9 The offers received provide 2 figures based on the level of affordable housing that has to be provided on the site. The Local Development Plan requires that 30% affordable housing should be provided, however this is subject to a viability test that will be carried out once a planning application is received. Clearly the site has resulted in both Councils incurring significant expenditure in the demolition of the former building and we would expect these costs to be reflected within any viability calculations.
- 2.10 Torfaen Planning Authority are currently part way through the introduction of the Community Infrastructure Levy process. When this is introduced it will result in a roof tax against every property being constructed which will have the effect of decreasing the net land value further.
- 2.11 A planning application was submitted for the whole site (I.e. including Police HQ). It is understood that planning approval was gained but that the application was allowed to lapse given the withdrawal of Gwent police from the disposal of the site. The use of the site subsequently relies upon TCBC LDP and detailed planning (to be submitted).