

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO:	<u>THE CHAIR AND MEMBERS OF THE COUNCIL</u>
SUBJECT:	<u>SPECIAL MEETING OF THE COUNCIL – 22ND OCTOBER, 2020</u>
REPORT OF:	<u>DEMOCRATIC OFFICER</u>

PRESENT: COUNCILLOR M. MOORE (THE CHAIR,
PRESIDING)

Councillors P. Baldwin
D. Bevan
J. Collins
M. Cook
M. Cross
N. Daniels
D. Davies
G. A. Davies
G. L. Davies
P. Edwards
D. Hancock
K. Hayden
S. Healy
J. Hill
W. Hodgins
J. Holt
J. Mason
H. McCarthy, B.A. (Hons)
C. Meredith
J. Millard
J. C. Morgan
L. Parsons
K. Pritchard
K. Rowson
T. Sharrem
T. Smith
B. Summers
B. Thomas
G. Thomas

S. Thomas
H. Trollope
J. Wilkins
D. Wilkshire
L. Winnett

AND: Managing Director
Corporate Director of Social Services
Corporate Director of Regeneration & Community Services
Corporate Director of Education (Interim)
Chief Officer Resources
Chief Officer Commercial
Head of Legal & Corporate Compliance
Head of Governance & Partnerships
Head of Regeneration
Head of Community Services
Communications, Marketing & Customer Access Manager
Democratic & Committee Support Officer

<u>No.</u>	<u>SUBJECT</u>	<u>ACTION</u>
1.	<p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
2.	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received from Councillors G. Collier, L. Elias, M. Holland, J. P. Morgan, G. Paulsen and B. Willis.</p>	
3.	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>There were no declarations of interest or dispensations reported.</p>	

<p>4.</p>	<p><u>EXEMPT ITEM</u></p> <p>To receive and consider the following report which in the opinion of the proper officer was an exempt item taking into account consideration of the public interest test and that the press and public should be excluded from the meeting (the reason for the decision for the exemption was available on a schedule maintained by the proper officer).</p>
<p>5.</p>	<p><u>FESTIVAL SHOPPING, EBBW VALE</u></p> <p>Having regard to the views expressed by the Proper Officer regarding the public interest test, that on balance, the public interest in maintaining the exemption outweighed the public interest in disclosing the information and that the report should be exempt.</p> <p>RESOLVED that the public be excluded whilst this item of business is transacted as it is likely there would be a disclosure of exempt information as defined in Paragraph 14, Schedule 12A of the Local Government Act, 1972 (as amended).</p> <p>At the commencement of the meeting, a Member advised that she was in receipt of new information which had been received late the previous evening, which could have a significant impact on the report. This information had not been shared with Members and officers of the Council prior to the commencement of this meeting.</p> <p>The Chair suggested that the Member raise this matter following the Corporate Director's presentation of the report.</p> <p>Consideration was given to the report of the Corporate Director of Regeneration & Community Services.</p> <p>At the invitation of the Chair, the Corporate Director spoke in detail to the report and highlighted the salient points contained therein. The Corporate Director provided details in terms of:</p> <ul style="list-style-type: none"> • The scope and background of the report which reflected the discussions that had taken place at the Council meeting in July 2020, which had agreed that detailed negotiations commence with the current owners of Festival Shopping with a view towards

agreeing Heads of Terms for acquisition of the site for refurbishment/redevelopment and the preparation of a business case for acquisition and future use.

- Following approval of the report in July, commercial negotiations had commenced and these were currently on-going. Alongside these negotiations a business case had been developed by external consultants in conjunction with officers.
- Discussions in relation to funding options and support were continuing with Welsh Government.
- Alongside the development of the business case for the acquisition of the Festival Shopping Site and Parkland, good progress was being made in relation to the establishment of community hubs. It was noted that this piece of work was not predicated on the site acquisition and both capital and revenue costings for this element of the project had been included in the business case.

The Corporate Director, thereupon, gave details of the options presented in the business case together with the associated cost of each option.

- Option 1 – Acquisition of Festival Park Shopping Centre or ‘Do Minimum’ (preferred option).
- Option 0 – Business as Usual (BAU) or the ‘Do Nothing’ option.
- Option 2 – New Build Administration Building to Replace Civic Centre.

It was noted that in terms of the Corporate Plan, the preferred option would fit within the priority aims of the plan to:

- increase the start-up business rate, retention and growth of local businesses and attract new inward investment; and
- work with partners to develop a new vision for our town centres ensuring their long term future.

Section 4.2 of the report provided details of further activities and aims that would be supported and realised if the preferred option was approved. The Corporate Director concluded by advising that this proposal also linked directly to a number of Strategic Business

Reviews, specifically the Property and Land Review, which had been developed alongside the Medium Term Financial Strategy to deal with gaps between anticipated funding and expenditure the aim of which was to build financial resilience and respond to the financial challenge faced over the next five years.

At this juncture, the Chief Officer Resources provided the following details:

- the cost and financial revenue implications (before borrowing) over a period of 25 years against each of the options;
- the dispersal proceeds that could potentially be realised; and
- the wider economic benefits that could potentially be achieved should the preferred option be approved.

The views of Members were, thereupon, sought (summarised below) and were responded to by the Corporate Director of Regeneration & Community Services:

- In reply to a question, Members were advised that due to the green book methodology that had to be used to develop the business case and the pace at which the plan had to be produced, this comprehensive document had been produced by external consultants, in close collaboration with Council officers.
- A Member who had raised the issue earlier in the meeting again advised that she was in receipt of new information, which could have a significant impact on the report and gave details of the information received. The Member pointed out that there could potentially be other credible parties interested in developing the site (one developer had contacted her previously for advice and she had referred them on to the Executive Member). She concluded by expressing her concern that she had been advised that the Council was aware other developers could potentially be in negotiations and had not declared this position. The Member, thereupon, forwarded this new information onto the Monitoring Officer for her consideration.

The Managing Director advised that Members and officers were at a disadvantage as they had not had sight of the information referred to. The meeting had been convened to consider the business case that had been developed at the request of Members and for Members to provide officers with a clear direction going forward. It was pointed out that if the preferred option was agreed, this would be subject to a number of factors which would include successful commercial negotiations and securing funding from Welsh Government. It would be a decision for the company that owned the site to proceed with the sale – the preferred option (if approved) could only be progressed if the company agreed to sell the site to the Council.

The Leader of the Labour Group said that his colleague had forwarded the information onto him and concurred with the issues that had been raised. He stated that all information must be included within the report for Members consideration and on numerous occasions questions had been raised previously regarding other potential buyers and the only indication received in June was that only one expression of interest had been received but the interested party had been unable to complete. He also raised concern regarding delegated powers being provided to the Corporate Director and Leader and Deputy Leader in relation to the finalisation of the purchase arrangements and questioned why this had been included as there could potentially be a bidding war for the site.

The Leader of the Labour Group concluded by stating that he had grave concerns and reiterated that all relevant information should be included within the report and proposed that the report be deferred pending clarification in respect of the newly presented information.

The Managing Director advised for clarification that it was the intention to present a further report to Council prior to the finalisation of the commercial negotiations. The Leader of the Labour Group advised that this information should have explicitly been included within the report.

The Managing Director gave an assurance that officers were presenting a genuine business case for Members to consider and provide a steer on how to proceed and move forward.

The Executive Member for Regeneration & Economic Development supported the comments made by the Managing Director and said that it would ultimately be a decision of Council whether to purchase the site and the only matter that would be discussed and considered by the Corporate Director, Leader and Deputy Leader would be the purchase price only. He pointed out that no definitive offer had been made to the company but a figure needed to be included as part of the business case for the preferred option. He concluded by stating that if this information had not been explicit within the report, he apologised but the final negotiation would not be completed until a decision had been made by Full Council.

For clarification, the Executive Member said that the individual who had been put in touch and contacted him before the business case had been developed some considerable time ago, had been referred onto the relevant officers and he had not had any contact with any of the other company mentioned by the Member as part of the newly presented information.

The Leader of the Labour Group pointed out that as a further report would be submitted to Full Council to consider the detail in respect of the final negotiation, there was no requirement for delegated powers to be granted to the Corporate Director and Leader and Deputy Leader as a meeting could be convened quickly to deal with this matter.

A Member seconded the amendment to defer the report and sought clarification from the Monitoring Officer regarding the issue of delegated powers.

The Head of Legal and Corporate Compliance (Monitoring Officer) advised on the matter of delegated powers this would enable officers together with the Leader/Deputy Leader to progress negotiations but reiterated that before the finalisation of the commercial negotiations and any expenditure committed, a report would be considered by Full Council.

- In reply to a question relating to staff numbers pre-Covid, the Corporate Director confirmed that the modelling for the business case had been based on 322 staff at the Civic Centre and 221 at Anvil Court. However, the number of workstations provided at these locations had been calculated on a ratio of 7:10 (7

desks/10 staff) which had been used as part of workplace transformation programme previously and this equated to 284 desks at the Civic Centre and 208 at Anvil Court.

A Member pointed out that Welsh Government was predicating a 30% reduction in staff using offices post-Covid and asked how the amount of desk space had been calculated for the Festival Park Site when it was currently not known how much would be required going forward.

The Corporate Director confirmed that the volume of desk space had yet to be discussed but the ratio would be applied if a decision was made to progress. This had been modelled in all options on a 'like for like' basis. If less office space was required there would be opportunities and flexibility to expand the amount of commercial use at the site to generate income.

- For clarification, it was noted that the key risks had been summarised in the covering report for Members but there were wider risks that had been identified as part of the project – all risks had been captured within the business case.
- A Member expressed her grave concern regarding the figures for the cost of demolition that had been included within the business case and made reference to the on-going expenses that had been incurred due to asbestos removal for a building that had been previously been demolished.

The Corporate Director advised that lessons had been learnt from the past and further survey work would be undertaken prior to any demolition and additional funding had been included as part of the business case to cover this aspect. It was noted that considerably more information was available for the Civic Centre building, so officers were better informed and this fair representation had been included in the business case.

- A Member asked why approval had been granted to provide a Splash Park at the site only 18 months (when it could have been allocated to another site) previously when it was known that the company had been trying to sell the site for a number of years. He also expressed his concern regarding the current condition of the parkland and said that a considerable amount of work would be needed to maintain and improve the site.

The Corporate Director confirmed that the site had been on the market for a substantial period of time and the site owner had tried for some time to turn the site around but had reached the conclusion that it was not viable. The Council had met with the site owner and at that point (March) a potential buyer who was interested in the site had been unable to complete. He pointed out that if the site owner chose to work with other interested parties to obtain the best price this would be a matter for them.

The Corporate Director added that the parkland was also a major consideration and the maintenance arrangements that would be one of the areas that would form part of the detailed work. Consideration would also be given to working with community groups regarding this aspect of the project.

- As this was a radical change and in the interests of transparency, a Member said that further work needed to be undertaken to provide exact figures, particularly in relation to option 2 because some of the information supplied was based on projections and under the current climate this could have potential repercussions.
- Another Member said that there were a number of concerns and risks involved and felt that the report was trying to 'kill two birds with one stone'. He referred to the use of a matrix that had been applied to assess sites for other purposes and questioned why a similar this methodology had not been used for this site. The Member continued by referring to under occupancy levels at both the Civic Centre and Anvil Court and pointed out that if the preferred option was approved, this would result in the funding gap (identified in a report in December 2019) widening and could potentially result in increases in council tax levels to fund this gap. The Member concluded by stating that he was unable to support the report.
- A comment was made that the General Offices was key and a further substantive option was needed around this building.
- A Member made reference to the Council's Local Development Plan (LDP) and in particular, housing development and asked how officers could consider that sites in Ebbw Vale could be sold when house sales were generally low throughout the County

Borough and there was already a glut of sites in the Ebbw Vale area. He agreed with his colleague's comments regarding the refurbishment and rebuild of the General Offices as this would be more beneficial for the Council moving forward.

The Corporate Director said had historically struggled to meet housing targets over the last few years but as part of the Housing Prospectus there was a growing momentum of good sites – one challenge, however, in the County Borough was that sites were quite small. However, he believed that if the right size of site was made available, developers would be able to achieve economies of scale. The market drivers and intelligence was indicating that there was strong interest for these sites.

If the preferred option was approved, the Ebbw Vale Northern Corridor identified as part of the defined urban boundary remained in the Local Development Plan and this plan that the Council had previously acknowledged could be brought forward for development. He did not believe that the responsibilities around the LDP was being disregarded – the market intelligence was indicating that developers were interested in these sites.

The Executive Member for Regeneration & Economic Development proposed that Option 1 be endorsed as a deferment was not required as any purchase would be a matter for the owners of the site and interested parties. This proposal was seconded.

The Leader of the Labour proposed the following amendment, namely that **the report be deferred pending further clarification in respect of the newly presented information and once sought a detailed report containing the outcome of these investigations be submitted for Council's consideration.**

A recorded vote was, therefore, requested.

In Favour of the amendment – Councillors P. Baldwin, D. Bevan, M. Cross, K. Hayden, H. McCarthy, J. Millard, J. C. Morgan, K. Pritchard, T. Sharrem, T. Smith, S. Thomas, H. Trollope, D. Wilkshire, L. Winnett

Against the amendment – Councillors J. Collins, M. Cook, N. Daniels, D. Davies, G. A. Davies, G. L. Davies, D. Hancock, S. Healy, J. Hill, W. Hodgins, J. Holt, J. Mason, C. Meredith, M. Moore, L. Parsons, K. Rowson, B. Summers, B. Thomas, G. Thomas, J. Wilkins

Abstention – Councillor P. Edwards

The vote on the amendment was not carried.

The Leader of the Labour Group, thereupon, proposed that ‘**Option 0 – Business as Usual or the ‘Do Nothing’ Option**’ be supported for the following reasons:

Having considered the report in detail, the Labour Group were not minded to support the Council’s preferred option i.e. Option 1. This decision had been arrived at because it was felt that:

1. This project was too much of a risk and not a priority in the current financial climate and would inevitably result in a financial downturn following Covid-19.
2. The Group strongly objected to the lack of proper consultation with the public on such a significant undertaking.
3. The project itself was underpinned by too many assumptions as pointed out page 20 of appendix 1 of the report – “Some of the financial assumptions underpinning this business case may be wrong, leading to actual costs being higher than projected, or income from the private sector enterprise being below forecast.”
4. The Group could not support the delegation to the Leader/Deputy Leader and Director regarding the finalisation of purchase arrangements.
5. The issue of Civic Centre lifespan could be resolved with short - term improvements ahead of a managed move to the General Offices (in light of a 30% reduction of staff using offices post Covid-19 as indicated by Welsh Government)
6. The information supplied to a Member of the Council indicated that not all relevant documentation had been put before Members.
7. There would be an unfair burden placed on the council tax payer.

A recorded vote was, therefore, requested.

In Favour of Option 0 – Councillors P. Baldwin, D. Bevan, M. Cross, K. Hayden, H. McCarthy, J. Millard, J. C. Morgan, K. Pritchard, T. Sharrem, T. Smith, S. Thomas, H. Trollope, D. Wilkshire, L. Winnett

Against Option 0 – Councillors J. Collins, M. Cook, N. Daniels, D. Davies, G. A. Davies, G. L. Davies, D. Hancock, S. Healy, J. Hill, W. Hodgins, J. Holt, J. Mason, C. Meredith, M. Moore, L. Parsons, K. Rowson, B. Summers, B. Thomas, G. Thomas, J. Wilkins

Abstention – Councillor P. Edwards

The vote in respect of Option 0 was not carried.

The Executive Member – Regeneration & Economic Development proposed that Option 1 be endorsed, subject to a further report relating to the commercial negotiations being presented to Council prior to the finalisation of any purchase arrangements.

RESOLVED accordingly.

A recorded vote was, thereupon, taken in respect of **Option 1 ‘Acquisition of Festival Park Shopping Centre or ‘Do Minimum’ Option.**

In Favour of Option 1 – Councillors J. Collins, M. Cook, N. Daniels, D. Davies, G. A. Davies, G. L. Davies, D. Hancock, S. Healy, J. Hill, W. Hodgins, J. Holt, J. Mason, C. Meredith, M. Moore, L. Parsons, K. Rowson, B. Summers, B. Thomas, G. Thomas, J. Wilkins

Against Option 1 – Councillors P. Baldwin, D. Bevan, M. Cross, K. Hayden, H. McCarthy, J. Millard, J. C. Morgan, K. Pritchard, T. Sharrem, T. Smith, S. Thomas, H. Trollope, D. Wilkshire, L. Winnett

Abstention – Councillor P. Edwards

The vote in respect of Option 1 was carried.

It was, therefore,

FURTHER RESOLVED, subject to the foregoing, that the report which related to the financial or business affairs of any particular person (including the authority) be accepted and Option 1 – Acquisition of Festival Park Shopping Centre be endorsed, namely:

- the report be approved with the recommended option as outlined in the business case, subject to funding approval from Welsh Government and the finalisation of the purchase arrangements

be delegated to the Corporate Director of Regeneration and Community Services in consultation with the Leader/Deputy Leader;

- the proposed project management arrangements be put in place and work begin on planning the project implementation; and
- a further report relating to the commercial negotiations be presented to Council, prior to the finalisation of any purchase arrangements.

In reply to a question, the Head of Legal and Corporate Compliance advised that she was unable to comment at present in respect of the newly presented information and allegations as she had not had the opportunity to consider this information.

In reply to a further question regarding the issuing of a statement following the meeting, the Head of Legal and Corporate Compliance confirmed that any proposed public statement would be discussed internally with the Communications Team, Leader, Monitoring Officer and Managing Director before any comment was made in relation to this matter, or any exempt report.