
Investment Estate

Purchase of Waste Recycling Centre, Bessemer Close and
Disposal of 3-4 Wharton Street, Cardiff

Reason for the Report

1. To provide the Committee with an opportunity for pre-decision scrutiny of a Cabinet proposal to acquire a long leasehold on the Biffa Waste Recycling Centre, Bessemer Close, Cardiff, and dispose of the long leasehold of 3-4 Wharton Street, Cardiff.
2. The report will be considered by the Cabinet on Thursday 13th December 2018, and therefore this scrutiny provides Members with an opportunity to inform the decision.

Structure of the papers

5. **Appendices 2, 3 and 5 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14 of part 4 and paragraph 21 of part 5 of Schedule 12A of the Local Government Act. Therefore the papers attached to this cover report are as follows:**

Appendix A – Cabinet report

Appendix 1 – Site plan – Bessemer Close

Appendix 2 – Independent Valuation report Bessemer Close – Confidential

Appendix 3 – Valuation, Bessemer Close – Confidential

Appendix 4 – Site plan – Wharton Street

Appendix 5 – Independent Valuation report Wharton Street – Confidential

Background

3. The Committee has responsibility within its Terms of Reference for scrutiny of the Council's property estate, which comprises both 'operational' property (from which the Council operates and delivers its services), and 'non-operational' or 'investment' property (which is often let for commercial return or to promote local employment, small businesses and the economic regeneration of local areas). The Council's operational and non-operational estates both fall within the Cabinet's Investment and Development Portfolio.

Purchase - Bessemer Close

4. The Council currently owns the freehold interest in approximately 2 acres of land on Bessemer Close, adjoining the existing Household Waste Recycling Centre (HWRC). The asset is let on a 125 year ground lease from December 1990 at a peppercorn rent. The Council's tenant has an occupational tenancy to Biffa Waste for 15 years from 2017 with a rental income of £80,000 per annum.
5. The long leasehold interest is on the market for £1.25million. Its purchase will provide the Council with a regular and secure income, and recoup control over a site adjoining the existing HWRC.
6. The Council has made a provisional offer to the long leaseholder, however completion of the sale is subject to Cabinet decision. Cabinet are being advised that delaying a decision may render the long leaseholder to seek alternative bids.

Disposal - Wharton Street

7. The Cabinet report indicates that in conjunction with this acquisition it is recommended that the Council disposes of the long leasehold of 3-4 Wharton Street, a building with three current tenancies. The Council will retain the freehold.

8. Whilst this asset currently generates an income into the Council's Investment Estate, the longevity of the income is not secure, and together with the maintenance responsibility, the asset does not fit the criteria of the Investment Estate

Previous Scrutiny

9. The Committee has previously stated it recognises that accountability for decisions taken by the Investment Estate Board would sit with professional officers advised by commercial advisers, reporting to the Leader, with an annual report of its activities included in the Council's Asset Management Plan for Cabinet consideration. Therefore, its interest would be in the performance of the Board in maximising income from the Council's estate. To this extent the Committee has planned consideration of the Corporate Land & Property Management Plan 2019/20 for its March agenda.

Way Forward

10. Strategic Estates Manager, Helen Thomas, will be in attendance to answer Members' questions. The Cabinet Member for Investment and Development has a long standing prior commitment.

Legal Implications

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly

informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to consider the information presented in this report, its appendices, and at the meeting; and decide whether it wishes to forward any comments or recommendations to inform the Cabinets discussion on 13th December 2018.

Davina Fiore
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6 December 2018