

LAND AT CALLAGHAN SQUARE

INVESTMENT & DEVELOPMENT (COUNCILLOR GOODWAY)

AGENDA ITEM: 11

Appendix 2 of this report is not for publication as it contains exempt information of the description contained in paragraphs 14 of part 4 and paragraph 21 of part 5 of Schedule 12A of the Local Government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 1972.

Reason for this Report

1. To obtain authority to dispose of the Council's freehold interest in land at Callaghan Square to Welsh Government utilising the Public Sector Land Transfer Protocol.

Background

2. The Council has been in discussions with Welsh Government regarding the regeneration of derelict land on the southern boundary of Callaghan Square and extending to Canal Parade. This land is regarded as a strategic office development site in the heart of Cardiff's city centre commercial district with potential to make a significant contribution towards the Council's stated strategic development objectives of expanding the city centre south of the main railway line and improving the link between the city centre and Cardiff Bay.
3. Since 2012, the Welsh Government has assembled land and buildings in the area to facilitate a comprehensive regeneration of the site.

Issues

4. The proposal is for the Council to dispose of its freehold interest in circa 1.82 acres (gross) of land currently let to Welsh Government on a long-term lease, edged in red and marked as Site A on the plan attached at Appendix 1. The land transactions will be off-market and will utilise the Welsh Government Public Sector Land Transfer Protocol, which involves land valuation being set by independent Chartered Surveyors attached at Confidential Appendix 2.
5. The land has been let by the Council on a long-term lease due to expire in June 2068. The land was originally let to an engineering company, Alfred Cook, who built an industrial unit on the site. The building was

acquired by Welsh Government in 2016. The disposal of the freehold interest to Welsh Government will unlock the underlying value held in the freehold interest, which currently generates a nominal ground rent for the investment estate.

6. Welsh Government has also acquired the freehold interest in the adjacent former Centregreat industrial premises. The Council retains a restrictive user covenant on the title of the former Centregreat premises illustrated by the green shading on the site plan attached at Appendix 1. Value created through the release of this restrictive covenant has also been captured as part of the independent land valuation at Confidential Appendix 2.
7. In addition to the disposal of land, the Council has agreed to work with Welsh Government to develop a joint masterplan for the whole of the Callaghan Square area. The Council had discussed the potential acquisition of land but has decided not to progress with this at this time.
8. Heads of Terms for the proposed disposal are attached at Confidential Appendix 2.

Reason for Recommendations

9. To enable the Council to dispose of its freehold interests in land at Callaghan Square.

Financial Implications

10. The background section of this report sets out the strategic reasons for the proposed disposal of land at Callaghan Square. This ~~is~~ *will be* supported by independent external pricing advice attached at Appendix 2.
11. The Alfred Cook site currently sits within the Council's Investment portfolio and the site generates a small rental income to the Investment Estate. It is anticipated that any capital receipts generated from the disposal of this asset will be ring-fenced to be reinvested in the Council's Investment Estate with a view to generating increased income, creating new assets or enhancing existing Council investments. The loss of the small rental income associated with this site, as well as any other revenue implications will need to be managed within the existing investment estate revenue budgets.
12. The VAT implications of this proposal need to be actioned within the appropriate timescales ahead of completing this disposal.

Legal Implications

13. The Council has power to dispose of land pursuant to s.123 of the Local Government Act 1972 for best consideration. In light of this, the Council's

Procedure Rules for the Disposal of Land require the advice of a professional valuer to be taken.

Property Implications

14. As the Council is disposing of land through an unconditional sale and there are no claw-back provisions there are no on-going liabilities. However, the sale is subject to overage provisions in the Council's favour and in the event of a trigger event and any subsequent valuation and/or negotiations around these provisions they should be undertaken in accordance with the Council's Asset Management Process and in consultation with Strategic Estates and relevant service areas.

RECOMMENDATIONS

Cabinet is recommended to delegate authority to the Director of Economic Development, in consultation with the Cabinet Member for Investment & Development, the Section 151 Officer and the Legal Officer to conclude the disposal of land set out in this report in line with the independent valuation and Heads of Terms attached at Confidential Appendix 2.

SENIOR RESPONSIBLE OFFICER	NEIL HANRATTY Director of Economic Development
	13 March 2020

The following appendices are attached:

Appendix 1 – Site Plan

Confidential Appendix 2 – Independent Valuation and Heads of Terms (to follow)