

CYNGOR SIR POWYS COUNTY COUNCIL

PORTFOLIO HOLDER DELEGATED DECISION

by

COUNTY COUNCILLOR PHYL DAVIES

(PORTFOLIO HOLDER FOR HIGHWAYS, RECYCLING AND ASSETS)

September 2019

REPORT AUTHOR: Commercial Property Manager

SUBJECT: Disposal of Market Hall and Vaults, Market Arcade and car park, Brecon

REPORT FOR: Decision

1. Summary

- 1.1 The Market Hall is a Grade II listed building which currently hosts the twice weekly (Tuesday and Friday) indoor Charter Market as well as other markets and events throughout the year. The Market Hall includes an arcade of shops leading into the main hall comprising of a number of lock up units let to local retailers, many of whom have successfully operated from the site for a number of years. Beneath the Market Hall are three vaulted rooms, all occupied by private businesses. Additionally, there is a small car park located off Market Street (currently Pay and Display) which is included in the Proposal outlined in this report.
- 1.2 The property is vested with the Highways, Transport and Recycling Service, and is managed day-to-day by the Parking Services team. It is something of an anomaly, having been vested with them since the days of Brecknock Borough Council.
- 1.3 The building is identified as having a significant maintenance backlog, and management and repair costs along with overheads substantially outstripping the revenue income stream: the last condition assessment undertaken in 2017 identified a current maintenance liability of £206,325 comprising a considerable list of works necessary to repair and improve the condition of the building. Following this survey, only minimal essential repairs have been undertaken. During 2018-19 financial year the market generated £76,301 income but cost £91,859 to operate.
- 1.4 Following an early expression of interest from a local community group, the managing service requested, and obtained, permission from the Strategic Asset Board (SAB) to formally market the property seeking expressions of interest from individuals or organisations wishing to be considered for the future

management/ownership of the building (subject to the existing tenancies and established rights). This would include refurbishment whilst continuing to allowing the established traders to operate their businesses, and developing the market hall to become a more vibrant and sustainable destination. In addition recognising the ongoing challenges imposed by the operation of the Charter market from the building.

- 1.5 Strategic Property conducted the marketing exercise, marketing the property on the Council's Internet site for 4 weeks, also gaining editorial coverage on the front page of the local press. A good level of interest was received.
- 1.6 Following this process, two firm expressions of interest were received, reviewed, and the findings reported to SAB.

2. Proposal

2.1 SAB recommended that the bid put forward by Applicant A – please refer to Confidential Appendix 1 (headed Brecon Market Hall Heads of Terms May 2019) for the full detail of the applicant and bid – should be put forward to the portfolio holder for acceptance.

3. Options Considered / Available

3.1 Option 1: To accept the recommendation of SAB and the offer from Applicant A, to ensure that the Market Hall can be successfully refurbished, and developed sympathetically, whilst preserving its established role in the heart of Brecon.

3.2 Option 2: To reject the recommendation of SAB to dispose of the property to Applicant A, and remarket the property.

3.3 Option 3: To reject the recommendation of SAB to dispose of the property to Applicant A, and to retain the property as part of the Council's asset base.

4. Preferred Choice and Reasons

4.1 The preferred choice is to support Option 1 above – this will see the Market Hall transferred to a buyer at a figure substantially higher than its independently assessed Market Value (and in the process delivering a significant capital receipt to the Council), and will be revived as anticipated by the proposed Buyer.. In doing so, the future of the market hall will be secured, a listed building will be refurbished and improved, which is significant for the future of this important local building. The last condition assessment undertaken in 2017 identified a £206,325 list of works necessary to repair issues and improve the condition of the building.

4.2 Options 2 and 3 are not supported. Option 2 would be unlikely to result in a better offer than the one already made, given appropriate market exposure has already been undertaken, whilst option 3 does not assist in disposal of the asset, for capital receipt under the managed capital development programme..

5. Impact Assessment

5.1 Is an impact assessment required? Yes

5.2 If yes is it attached? Yes

6. Corporate Improvement Plan

6.1 The proposal supports the Council's Vision 2025 priorities. This is true particularly in respect of the Economy, Learning and Skills, and also Residents and Communities. The sale of the property to Applicant A ensures that the Council receives a strong capital receipt for this property, which can then be used to help develop a vibrant economy by delivering capital improvement schemes, and creating employment opportunities. The capital receipt may support the Council's development programme for new facilities for its learners and in doing so, will also support the priority to enhance services and facilities for our Residents and Communities. Additionally, the investment will enhance the retail offering in the Town creating a destination for start up business/ pop up shops etc.

7. Local Member(s)

7.1 The local members for Brecon have all been advised of the proposed marketing of the property. They are also aware that an item was presented to SAB and that a recommendation was recorded by that Board. Whilst the three local members for Brecon were asked for their comments for inclusion in this report (20 June 2019) no responses have been received.

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes

The proposed transfer of the property will potentially impact on Highways, Grounds and Street Scene, who currently receive approximately £21,500 from Highways Technical Services for their provision of caretaking and cleaning services to the Market Hall. This loss will be accommodated within the service and offset by the overall operating loss of over £15k and reduced liability of future essential

maintenance to maintain the building to the minimum requirements to ensure it is safe and secured.

9. **Communications**

Have Communications seen a copy of this report? Yes

The Communication Manager comments: The report is of public interest and requires use of proactive news release and appropriate social media to publicise the decision.

10. **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal - The Professional Lead supports the proposal and can confirm that legal services will expedite the transaction upon receipt of instructions.

10.2 Finance:-

The Capital and Financial Planning Accountant supports the disposal of Brecon Market Hall. The asset is currently valued at £352,800, as at 31st March 2019. The disposal will result in a loss in the accounts which will be funded from the unusable reserves. The disposal will reduce the maintenance liability for the authority and safeguard an important asset for the future.

The Finance Manager notes the contents of the report. The service are faced with increasing maintenance costs for the Market Hall due to it's state of repair which has resulted in an over spend against budget in 2018-19 for the Market Hall. This will only worsen as the building deteriorates further. The HTR service may lose income from the proposed transfer of the car park, average income over the last 3 years is £8,410 however those currently using the car park may be displaced to other car parks within the town not resulting in a loss of income.

10.3 Corporate Property (if appropriate): N/A – report authors.

10.4 HR (if appropriate)

10.5 ICT (if appropriate)

11. **Scrutiny**

Has this report been scrutinised? No?

If Yes what version or date of report has been scrutinised?
Please insert the comments.
What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

11.1

12. Data Protection

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

13. Statutory Officers

13.1 The Deputy Monitoring Officer notes the legal comment and has nothing further to add.

13.2 The Head of Finance (Section 151 Officer) notes the comments of the Capital Accountant and the Finance Manager. The capital receipt generated by the sale can be used to support the council's capital programme or transformational activity.

14. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

15. Future Status of the Report

Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

The view of the Deputy Monitoring Officer is that the Appendix to this report must remain confidential due to the sensitive information contained therein.

Recommendation:	Reason for Recommendation:
To dispose of the freehold of Brecon Market Hall to Applicant A.	To ensure the Grade II listed Market Hall can be refurbished to a high standard, and its community use

	maintained and enhanced for current and future generations to enjoy.
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Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	Cllr Sarah Lewis
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Person(s) To Implement Decision:	David Micah
Date By When Decision To Be Implemented:	As soon as possible

Is a review of the impact of the decision required?	N
If yes, date of review	
Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

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Background Papers used to prepare Report: