

CYNGOR SIR POWYS COUNTY COUNCIL
PORTFOLIO HOLDER DELEGATED DECISION
by
COUNTY COUNCILLOR PHYL DAVIES
PORTFOLIO HOLDER FOR SCHOOLS AND PROPERTY

August 2020

REPORT AUTHOR: Commercial Property Manager

**REPORT TITLE: Amendment to the Disposal of Market Hall and Vaults,
Market Arcade and car park, Brecon (the Market Hall)**

REPORT FOR: Decision

1. Purpose

1.1 This report seeks approval from the Portfolio Holder for Schools and Property to agree a revised sale price for the Market Hall to reflect changes in the property market due to Covid-19, the outcome of property investigations undertaken since the sale was agreed, and the general deterioration in the fabric of this Grade II listed building. The original report is attached at Confidential Appendix 1. Draft Heads of Terms detailing the amended offer are attached at Confidential Appendix 2.

2. Background

2.1 The Portfolio Holder agreed a sale of the Market Hall in September 2019, and legal matters have been progressing but contracts have not been exchanged.

2.2 In the intervening period the Covid 19 pandemic has had a significant effect on the whole Country but particularly in the retail / leisure / commercial sectors. This has meant a significant reduction in active traders (anyone whose business has not been deemed to comprise “essential goods and services” have been forced to close) with resultant great uncertainty and increased risk going forward.

2.3 The prospective purchaser has confirmed that they wish to proceed with the purchase in a timely manner, however for the project to remain viable, they have proposed a reduction of £75,000 from the previously agreed sale price for several key reasons:-

2.3.1 that Covid 19 has caused increased risks in the retail sector where market activity and demand is uncertain

2.3.2 additional financial pressures that did not exist at the time of the original offer and

2.3.3 that the condition of the building roof has deteriorated since the sale was agreed with increased water penetration.

3. Advice

3.1 It is important to note that the offer originally submitted by the purchaser was in excess of the independent DVS Market Valuation of £200,000

3.2 The revised offer, although now lower than the previously reported Market Valuation, is made at a time when market uncertainty is high especially in the retail sector due to the implications of Covid-19. The revised offer, which should remain confidential until after the portfolio holder report is approved and any sale completed, is detailed in Confidential Appendix 2. The applicant's original offer is also enclosed as Confidential Appendix 3, detailing the previously approved Heads of Terms regarding the sale negotiated at that time.

3.3 Since the original offer was accepted, the purchaser has been able to undertake more significant investigations into the fabric of the building and it is apparent that the roof in particular is in a worse condition than originally believed, with many more leaks becoming apparent as time goes by. This is an area where the purchaser will have to take prompt action on completion of any purchase to prevent more serious damage being caused to the Market Hall.

3.4 At least one of the Market Hall tenants has served Notice to vacate their unit, thereby having an immediate impact on the income received by the Landlord, with no guarantee that a new tenant will be quickly or easily identified.

3.5 The revised offer is still considerably higher than that of the only other party who submitted Expressions of Interest following a four-week marketing period.

3.6 It is proposed that the revised offer should be accepted, subject to the sale being completed in as short a timeframe as is reasonably practicable, and without undertaking a further DVS valuation. Conversations with DVS staff, following receipt of the revised offer indicate that the new figure does seem within reason given what is happening in the market at the current time.

4. Resource Implications

4.1 The asset was valued at £352,800, as at 31st March 2019. The disposal will result in a valuation loss in the accounts which will be funded from the unusable reserves. The disposal will remove a significant

maintenance liability for the authority and safeguard an important asset for the future.

- 4.2 The capital receipt generated by the sale can be used to support the council's capital programme or transformational activity.
- 4.3 The Head of Finance (Section 151 Officer) notes the content of the report and the reasons for the reduced offer. Proceeding with the sale will secure the capital receipt and remove the ongoing maintenance liability.

5. Legal implications

5.1 Legal Services are already working on a proposed transfer of the property to the purchaser. The change in price has negligible implications on the capacity of the team to complete its work on this matter.

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: " I note the legal comment and have nothing to add to the report".

6. Data Protection

Not applicable

6.1

7. Comment from local member(s)

7.1 We are all pleased to hear that the sale is progressing and are committed to getting a vibrant Market Hall operating in the town which will meet local need and attract visitors. Ahead of sale, tenants, traders and stakeholders of Brecon Market Hall wish to meet with PCC and the prospective purchaser to ensure that they are clear/satisfied with the terms and conditions of transfer.

The local members have requested that a meeting be arranged as soon as possible so that final questions and points of clarification on terms and conditions of transfer can be raised by those who have an interest. It would be helpful if this could include local members who are regularly being asked by the public about the future of the market. A considerable period has lapsed since the last formal meeting with tenants, traders and stakeholders and it would be in everyone's interest to hold a meeting ahead of the sale. I am sure that you will agree that the responsibility of PCC in this matter goes beyond the technicalities of the sale. It is the future livelihoods of traders and tenants and the wider public interest which people of Brecon have in their Market Hall.

8. Integrated Impact Assessment

8.1 Not applicable – this is an update to the report attached at Confidential Appendix 1.

9. Recommendation

9.1 It is recommended that the sale of the property to the original purchaser should be approved at the lower price as detailed in Confidential Appendix 2, to reflect the impact of Covid-19 on the retail property sector, increased market uncertainty, and deterioration in the fabric of the building.

9.2 Appendix 2 should remain confidential until after the purchase has been completed

Contact Officer:	David Pritchard
Tel:	01597 826602
Email:	david.pritchard@powys.gov.uk
Head of Service:	Gwilym Davies
Corporate Director:	Nigel Brinn