

GWYNEDD COUNCIL CABINET



Report to the Cabinet

Meeting Date: 15:02:2022
Cabinet Member: Councillor Craig ab Iago
Contact Officer: Carys Fôn Williams, Head of Housing and Property
Contact Number: 34368
Item Title: Lease of Canolfan Cefnfaes to Partneriaeth Ogwen

1 DECISION SOUGHT

1.1 To use powers under the General Disposal Consent (Wales) Order 2003 to lease Canolfan Cefnfaes directly to Partneriaeth Ogwen for less than Market Rent, in order to facilitate social, economic and environmental benefits.

2 REASON WHY DECISION IS NEEDED

2.1 To comply with the requirements of the General Disposal Consent (Wales) Order 2003.

3 INTRODUCTION

3.1 Following reorganisation of the Council's youth service provision, and the relocation of other provisions such as the Cylch Meithrin from Canolfan Cefnfaes, the building was declared surplus to the requirements of the Council.

3.2 An application has been received from Partneriaeth Ogwen for a long-term lease of Canolfan Cefnfaes for the purpose of establishing an Enterprise Centre. Partneriaeth Ogwen have been successful in securing grant funding for the development of Cefnfaes, and is keen to move forward to realise the scheme.

4 REASON AND JUSTIFICATION BEHIND THE DECISION

- 4.1 Following the Council's decision to close Canolfan Cefnfaes, an application was received by Partneriaeth Ogwen, being a social enterprise, to take short-term occupation of the Centre in order to ensure continuity of community use of the Property, whilst considering options for the long-term use of the building.
- 4.2 A short-term occupancy arrangement was originally granted subject to Partneriaeth Ogwen working on the development of a long-term business plan for Canolfan Cefnfaes. Following extensive consultations, and the commissioning of a thorough scoping report, Gwynedd Council have been presented with a business plan based on the development of the Cefnfaes Centre as an Enterprise centre to include community spaces, work space (offices, workshops) and a bunk house.
- 4.3 The financial forecasts show that the income generated from the Enterprise Centre will not be sufficient to enable Partneriaeth Ogwen to pay rent in the first years of the enterprise as they will incur significant development costs and will need to build the reputation of the enterprise centre before they can develop a fixed income base, and therefore an application has been received by the Partnership for a 10-year lease at a nominal rent.
- 4.4 Planning permission has been secured to enable Partneriaeth Ogwen to convert the property into an enterprise centre, and it is intended to undertake the work on a phase by phase basis.
- 4.5 Partneriaeth Ogwen has secured grant funding of £225,000 from the Welsh Government's Community Facilities Programme for the delivery of phase 1 of the work, namely the development of the centre's community space.
- 4.6 The Government's willingness to release this funding is subject to the ability of Partneriaeth Ogwen to secure a lease from the Council for a period of 10 years, and in order to protect the grant funding it is essential that the lease be in place by March of this year.
- 4.7 The Council is legally entitled, in accordance with the powers of the General Disposal Consent Order (Wales) 2003 to dispose of premises for less than market rent in cases where economic, social or environmental benefits are provided.
- 4.8 It is considered that a direct disposal to Partneriaeth Ogwen for the development of the enterprise centre would facilitate the following benefits:-
- Significant investment in the centre in order to create a valuable community resource.
 - Provide new services to residents of the Dyffryn Ogwen area.
 - Potential to support the development of small businesses.

- Provide opportunities to develop skills through the economic and training spaces.
- The provision of units for hire, and the co-working space means that the residents of the Valley will not have to travel, thereby reducing the carbon footprint of the Valley.
- Potential for job creation.
- Potential to encourage tourists to visit the area.

4.9 Accepting the recommendation and using the powers under the General Disposal Consent Order (Wales) 2003 to vary from the General Disposal Policy and Section 123 of the Local Government Act 1972, would mean waiving the opportunity to obtain rental income when the existing temporary occupation arrangement granted to Partneriaeth Ogwen expires in a year's time.

4.10 It should be noted that the intention is to lease the Property for an initial period of 10 years. A period of 10 years will allow Partneriaeth Ogwen to develop the centre to its full potential, and there will be an opportunity at that time to review the terms of the lease to include the rent element .

4.11 It is projected that rental income of approximately £3,000 per annum could be attracted if the property were marketed on the open market without restrictions, given its current condition.

4.12 Cabinet members therefore need to carefully evaluate the social, environmental and economic benefits against the potential financial loss.

4.13 Partneriaeth Ogwen intends to invest significantly in the property, and should the scheme fail for any reason, the property will remain council owned. At that time the Council would be able to take a decision to dispose of the open market if it wished to do so.

5 NEXT STEPS & TIMETABLE

5.1 The Housing and Property Department will instruct the Legal Service to proceed to put a lease in place. This will enable the Government to release the grant funding to Partneriaeth Ogwen, to enable them to embark on phase 1 adaptations during 2022/23.

6 ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

Statutory Officers comments:

Principal Finance Officer

"I can confirm that the General Disposal Consent (Wales) 2003 allows the Council to dispose of property for less than best consideration under certain

circumstances. If the Cabinet wishes to dispose of Canolfan Cefnfaes for less than best consideration (i.e. to lease at a rent for a price that is less than the best that can be obtained on the open market), the Cabinet will need to satisfy itself that a robust and objective methodology has been used to conclude that the economic, environmental and/or social advantages of this option outweigh the reduction in income.

In that regard, the report outlines the benefits of the scheme as well as the value of the income that will be lost."

Monitoring Officer

"Section 123 of the Local Government Act 1972 places a statutory duty on the Council to secure the best reasonably available consideration when letting on a long lease. The General Disposal Consent(Wales) 2003 permits such a letting without compliance with the requirement if the Cabinet is of the opinion that the conditions in the Order have been satisfied. The Cabinet should therefore, if it supports the proposal conclude that it is likely to achieve one or more of the following objectives namely promote or improve the economic , social or environmental well-being of the area of the Council or any part of it. The report identifies the benefits which are anticipated from permitting the proposal and these fall within the criteria."

Local Member's Comments – Councillor Rheinallt Puw

The local member has declared interest in this matter as one of the directors of Partneiaeth Ogwen.