

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

18 MAY 2021

### REPORT OF THE CORPORATE DIRECTOR - COMMUNITIES

#### FORMER EWENNY ROAD INDUSTRIAL ESTATE: CCR FUNDING AND PROPOSED REDEVELOPMENT

##### 1. Purpose of report

1.1 The purpose of this report is to update Cabinet on the progress that has been made in order to bring forward a mixed use regeneration of the former Ewenny Road Industrial Estate, Maesteg, and to seek approval to progress with the due diligence stage of a grant funding application in order to secure Cardiff Capital Region (CCR) funding for necessary infrastructure and remediation works. The report also provides an update on the ongoing relationship with Pontardawe Coal & Metals Company Limited (PCMCL) and the joint aim of the parties to facilitate the remediation, marketing and sale of land at Ewenny Road (Former Cooper Standard Site), Ewenny Industrial Estate, Maesteg.

##### 2. Connection to corporate well-being objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objective/objectives under the **Well-being of Future Generations (Wales) Act 2015**:

- **\*Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
- **\*Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

##### 3. Background

3.1 The former Ewenny Road Industrial Estate site is a 19.71 acre vacant parcel of land that is owned in part by BCBC and in part by PCMCL. PCMCL are a subsidiary of Clowes Development (UK) Ltd, a substantial family owned property development and investment company based in Derby.

3.2 BCBC own 7.52 acres (Former Cooper Standard Site) whilst PCMCL own 12.19 acres (Former Budel Pac Cosi Site) with this reflecting an ownership split by acreage of circa 40 percent BCBC and 60 percent PCMCL owned land. The BCBC owned parcel of land was acquired in March 2010 following Cabinet approval on the 9th of February 2010 for the Welsh Government grant funded acquisition. Both parties have previously completed demolition and site clearance work in readiness for

development although the lack of viability has resulted in the entire 19.71 acre site remaining vacant and in a state of dereliction.

- 3.3 The collaboration between the parties is longstanding and dates back to 2013. In 2013 an outline planning application for the entire 19.71 acre site was submitted by PCMCL. Following an assessment of the application the Development Control Committee resolved to approve the application subject to finalising the planning obligations. This initial proposal was subsequently revised in an attempt to improve the viability of the scheme and the Development Control Committee resolved to grant planning permission for this revised scheme in June 2016. Terms were also previously agreed with PCMCL for the disposal of the BCBC owned land and authorised by Cabinet on the 10th of May 2016.
- 3.4 Whilst the 2016 revisions improved the viability of the scheme compared to the 2013 iteration, it has since become evident that there are significant remediation and infrastructure costs that continue to render the scheme unviable from a commercial perspective and the scheme has since stalled. These remediation and infrastructure works include diverting an historic mining Adit drain and grouting of mineshafts which is a reflection of the long history of coal mining in the area. Given the costs associated with these works the development of the site is not financially viable without additional funding support.
- 3.5 Despite the viability issues connected to the scheme the redevelopment of the site remains a strategic priority and officers have continued to work closely with the adjacent land owners. This work has most recently focused on producing a deliverable masterplan for an implementable mixed-use scheme and securing grant funding to bridge the viability gap.
- 3.6 In September 2020 the Cardiff Capital Region (CCR) Housing Viability Gap Fund was launched. This fund is a £35 million targeted housing investment programme designed to overcome evidenced market failures relating to financial viability across South East Wales. Officers worked collaboratively with PCMCL to prepare a comprehensive suite of application documents and put the scheme forward for consideration as part of this fund. This work culminated in an application for shortlisting being submitted in January 2021. This application submission followed an extensive period of engagement with CCR and their appointed advisors CBRE, between September 2020 and January 2021.
- 3.7 Following a period of evaluation by CCR and CBRE, a report to the CCR Cabinet on 15th March 2021 identified an indicative schedule of sites that had been shortlisted for funding with the Former Ewenny Road Industrial Estate having been shortlisted for £3.5 million of funding. This shortlisted status is subject to further consideration and due diligence to be completed by CCR with a final confirmed shortlist to be reported to the June CCR Cabinet Meeting.

#### **4. Current situation/proposal**

##### **CCR Funding Application and Shortlisted Status**

- 4.1 The CCR Viability Gap Fund is intended to unlock housing led development on sites where the upfront infrastructure costs render the scheme unviable and are subsequently stalled. The CCR Fund seeks to optimise economic returns by investing

in the most strategically located sites which maximise value for money. The CCR Funding Programme has been structured to target the areas of lowest economic competitiveness in the region – as informed by the UK Competitiveness Index 2019. This is to be achieved via the following split fund prioritisation approach:

- £15 million Sub-Fund 1: shall be allocated to the bottom 5 ranking local authorities which are: Rhondda Cynon Taf; Torfaen; Caerphilly; Blaenau Gwent; and Merthyr Tydfil; (as determined by the UK Competitive Index 2019) on a scored basis; and
- £15 million Sub-Fund 2: shall be open to all local authorities on a scored basis

- 4.2 In addition to the two £15 million sub funds an additional £5 million of Welsh Government funding was made available for schemes that could meet specific requirements. BCBC was not eligible for sub fund 1 and the Welsh Government funding conditions were not appropriate as they required all residential units to meet space standards that were not deliverable for the Ewenny Road site. As such the site was eligible to be put forward for consideration as part of the £15 million sub fund 2.
- 4.3 In response to the wide range of criteria, and competitive nature of the fund, officers engaged in a series of clarifications sessions with CCR and CBRE between September 2020 and January 2021 in order to ensure the Ewenny Road scheme would satisfy the gateway criteria and could be put forward with all required supporting documentation in a manner that would maximise alignment with the assessment criteria.
- 4.4 As part of the process officers have worked with PCMCL to agree a series of revisions to the previous site masterplan, work up heads of terms between the landowners and to produce extensive documentation to support the funding application.
- 4.5 This work culminated in the submission of an application to CCR for shortlisting in January 2021. Following a period of assessment and initial due diligence CCR released an indicative shortlist in March 2021 which was reported to and approved by CCR Cabinet on 15<sup>th</sup> March 2021. This shortlist included the Former Ewenny Road scheme for which a maximum of £3.5 million of funding has been earmarked.
- 4.6 The Fund process has now moved into the due diligence stage and officers are working to provide final points of clarification to the CCR team to enable to decision to be made on the application. It is therefore necessary to request Cabinet endorsement for the submission of the full application. Officers will report back to Cabinet to seek approval to accept a funding agreement if the application is successful.

### **Revised Masterplan**

- 4.7 As part of the work undertaken to complete and submit an application for shortlisting it was identified that the previous revision of the masterplan for the site was somewhat dated since it originated in 2013 and it was subsequently amended in 2016. Since both 2013 and 2016 there has been an increasing focus on placemaking principles and ensuring these are at the heart of all new development. Furthermore the assessment criteria associated with the CCR funding was weighted towards development that maximised the number of new homes that could be delivered, in

addition to requiring proposals to accord with current local and national level planning policy objectives.

4.8 Within this context both officers and PCMCL recognised that the funding application provided an opportunity to reconsider some elements of the previous masterplan and to deliver a scheme that more closely aligned with current policy aspirations, including the need to incorporate placemaking principles. Through discussions with CCR and CBRE it was identified that these changes would also serve to improve the credentials of the scheme when considered against the funding criteria and in turn to maximise the likelihood of funding being secured.

4.9 In summary the key changes to the masterplan are as follows:

- Increase in residential dwellings from 138 to 186;
- Provision of 15% on site affordable housing compared to the off site contributions previously proposed;
- Provision of a transport interchange, including a bus stop and a park & ride facility at the far western end of the site due to its close proximity to the Ewenny Road railway station;
- Relocation and reconfiguration of the enterprise hub to sit alongside the proposed transport interchange; and
- Removal of large scale retail units due to their potential impact on the Maesteg Town Centre and their replacement with a small scale local retail provision.

### **Relationship with PCMCL**

4.10 In order to demonstrate the commitment of the respective landowners and the resultant deliverability of the scheme, a memorandum of understanding was entered into between BCBC and PCMCL as part of the grant funding application for the shortlisting process. This memorandum of understanding sets out the objectives of the respective landowners, which is to collaborate with the intention of bringing their respective land ownerships together to enable mixed use development comprising predominantly residential use with associated retail provision, employment units and a railway park and ride facility.

4.11 Further to the memorandum of understanding, work has progressed in relation to the heads of terms and necessary legal agreements to facilitate the remediation, marketing and disposal of the site. This work has had regard to the terms previously reached and agreed by Cabinet in 2016, whilst also responding to the current objectives of both parties and the requirements of the CCR funding process. The revised heads of terms are to be drafted in a manner that enables BCBC to dispose of its interest in the site for best consideration whilst concurrently acquiring the part of the site that is currently owned by PCMCL but earmarked for the enterprise hub and park and ride provision. This acquisition would be based on the fair market value of the land. Whilst the terms of the proposal disposal and acquisition will be drafted over the coming months no agreement will be entered into until further cabinet and / or council approval has been granted and the grant funding has been secured.

4.12 In addition to the aforementioned disposal and acquisition outcomes the heads of terms are to make provision for the respective owners to obtain an amended planning consent, undertake infrastructure and servicing works and market and dispose of the residential / retail sites to a third party housebuilder / housing association. The

remediated park and ride and employment sites are to be transferred to BCBC with the authority then able to bring forward the development of these sites as appropriate.

- 4.13 Whilst it is not anticipated that the intent and objectives of the legal agreement and outcome for BCBC in terms of the disposal and part acquisition proposed will deviate from that outlined above, the detailed heads of terms and associated legal agreement are yet to be finalised and may need to be varied to respond to CCR funding requirements or legal advice. As such officers will continue to work towards refining the heads of terms and will report back to Cabinet to provide a further update and seek necessary authorisation to agree such terms in due course.

### **Next steps**

- 4.14 Subject to Cabinet authorisation officers will continue to engage with CCR ahead of their June Cabinet meeting in connection with the due diligence stage of the grant funding application. In parallel to this, work will be progressed in order to finalise the heads of terms and associated legal agreement with PCMCL and to secure a revised planning consent.
- 4.15 If successful and once funding has been formally awarded, work will proceed in relation to the marketing of the site and completion of the required remediation works.
- 4.16 It is the intention that officers will report back to Cabinet in due course to provide a progress update and to seek any further authorisation that may be necessary as matters progress.

## **5. Effect upon policy framework and procedure rules**

- 5.1 The proposals will not have an impact on the BCBC's policies or procedures.

## **6. Equality Act 2010 implications**

- 6.1 An initial EIA screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The The Well-being of Future Generations (Wales) Act 2015 Assessment based on the 5 ways of working has been considered and there are no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives.
- Long term - The Former Ewenny Road Industrial Estate is a strategically located development site which has the potential to offer significant regenerative benefits to the locality through the provision of new housing, employment opportunities and transport infrastructure opportunities, set within appropriate open space, parking and public realm.
  - Prevention – the current site is vacant and derelict and detracts from the attractiveness of the area.
  - Integration – the mixed use development will integrate with and access to the existing town centre and railway station.

- Collaboration – BCBC will collaborate with residents, local businesses and end users of this regeneration project to ensure successful and sustainable development and outcomes.
- Involvement – ongoing engagement with the community is an important facet of this regeneration project.

## **8. Financial implications**

- 8.1 It is anticipated that the proposed disposal should generate a capital receipt and result in BCBC retaining an ownership interest in the enterprise hub and park and ride part of the site. Any funding agreement with CCR will include provisions that require a proportion of any capital receipt in excess of an agreed threshold to be returned to CCR for their use in future funding initiatives.
- 8.2 BCBC is expected to be the custodian of the CCR grant funding although there is no requirement for this to be match funded in any way. Whilst match funding of the £3.5 million grant is not required there will likely be the need for additional resourcing to be funded by BCBC, by way of additional staff and or consultants in connection with managing the remainder of the application process and acting as custodian of the grant. No funding is currently set aside for such costs.
- 8.3 Any financial implications to the authority as a result of the proposed development will be reported back to Cabinet prior to any further commitment.

## **9. Recommendation(s)**

- 9.1 It is recommended that Cabinet:
- Note the progress that has been made in connection with regeneration proposals for the former Ewenny Road Industrial Estate, the proposed remediation, marketing and disposal of the site in order to facilitate mixed use regeneration; and
  - Authorise officers to continue to engage with CCR on the final submission for the Housing Viability Gap Fund grant for which the site has been shortlisted.
  - To receive a future report on the contractual terms to be agreed with PCMCL on the proposed redevelopment of the site.
  - To receive a future report on any financial implications to the authority on progressing the proposed redevelopment.
  - If recommended for approval to delegate the acceptance of a grant towards the redevelopment of the Former Ewenny Road Industrial Estate to the Director of Communities and Section 151 Officer.

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**Background documents:** None