Execution

DATED TWELFTH FEBRUARY **2015**

(1) THE WELSH MINISTERS

and

(2) BRIDGEND COUNTY BOROUGH COUNCIL

LOAN AGREEMENT

BLAKE MORGAN LLP
Bradley Court
11 Park Place
Cardiff
CF10 3DR

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THIS AGREEMENT IS MADE ON 12TH FEBRUARY 2015

BETWEEN:

(1) **BRIDGEND COUNTY BOROUGH COUNCIL** of Civic Offices, Angel Street, Bridgend, CF31 4WB (the "**Borrower**"); and

(2) **THE WELSH MINISTERS** of the Welsh Government, Cathays Park, Cardiff CF10 3NQ (the "**Lender**").

RECITALS:

The Lender agrees to provide the Borrower with an unsecured term loan facility of a maximum of £2,500,000 on and subject to the terms and conditions of this agreement.

IT IS AGREED AS FOLLOWS:

1. Definitions and Interpretation

1.1 The definitions and rules of interpretation in this clause apply in this agreement.

Additional Sites means any land which the Lender and the Borrower agree after the date of this agreement can be funded by the Facility;

Availability Period means the First Tranche Availability Period and the Second Tranche Availability Period;

Borrowed Money means any indebtedness the Borrower owes as a result of:

(a) borrowing or raising money, including any premium and any capitalised interest on that money;

(b) any bond, note, loan stock, debenture, commercial paper or similar instrument;

(c) any acceptance credit facility or dematerialised equivalent, bill-discounting, note purchase or documentary credit facilities;

(d) monies raised by selling, assigning or discounting receivables or other financial assets on terms that recourse may be had to the Borrower in the event of non-payment of such receivables or financial assets when due;

(e) any deferred payments for assets or services acquired, other than trade credit that is given

in the ordinary course of trading and which does not involve any deferred payment of any amount for more than 60 days;

(f) any rental or hire charges under finance leases (whether for land, machinery, equipment or otherwise);

(g) any counter-indemnity obligation in respect of any guarantees, bonds, indemnities, standby letters of credit or other instruments issued by a third party in connection with the Borrower's performance of contracts;

(h) any other transaction that has the commercial effect of borrowing (including any forward sale or purchase agreement and any liabilities which are not shown as borrowed money on the Borrower's balance sheet because they are contingent, conditional or otherwise);

(i) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price; and

(j) any guarantee, counter-indemnity or other assurances against financial loss that the Borrower has given for any of the items referred to in paragraphs (a) to (i) of this definition incurred by any person.

When calculating Borrowed Money, no liability shall be taken into account more than once;

Business Cases means the business cases provided by the Borrower for the Initial Sites contained in Schedule 3;

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business in London and deposits are dealt with on the London Interbank Market;

Development Activities means:

(a) the land development activities for the Initial Sites set out in the Business Cases; and

(b) any other land development works agreed between the Lender and the Borrower to be undertaken on the Additional Sites;

Event of Default means any event or circumstance listed in clause 15.1;

Facility	means the term loan facility made available under this agreement;
First Tranche	means £100,000 of the Facility;
First Tranche Availability Period	means the period from and including the date of this agreement to and including 13th February 2015;
Indebtedness	means any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint;
Initial Repayment Date	means the date which is:- (a) the fifth anniversary after drawdown of the Second Tranche; or (b) if there is no drawdown of the Second Tranche during the Second Tranche Availability Period and subject to clause 8.9, the date which is the fifth anniversary after the first drawdown of the Facility as such date may be extended from time to time by the Lender under clause 8.2 or 8.3; The Lender will consider a request or requests from the Borrower for an extension of the Initial Repayment Date (such consent not to be unreasonably withheld or refused) where the Borrower has in the Lender's opinion used reasonable endeavours to complete the Development Activities, market and dispose of the Sites and no Event of Default or Potential Event of Default has occurred and is continuing. The Lender accepts that the Initial Repayment Date may in some circumstances be insufficient time to complete the Development Activities, market and dispose of the Sites. This may particularly be the case if the Borrower has to exercise compulsory purchase powers to acquire land for part or the whole of a Site. The Lender may in its absolute discretion agree to an extension of the Initial Repayment Date where a Site cannot be sold for more than: (a) its pre-development open market value; and (b) the amount of money spent on the Development Activities for that Site, and no Event of Default or Potential Event of Default has occurred and is continuing.

Initial Sites	means the land described in Schedule 2;
Loan	means the principal amount of the loan made or to be made by the Lender to the Borrower under this agreement or (as the context requires) the principal amount outstanding for the time being of that loan;
Loan Allocation	means the loan allocation for each Site to be agreed between the Borrower and the Lender prior to drawdown of the Second Tranche. The Loan Allocation can be varied from time to time in accordance with the terms of this agreement;
Net Sales Proceeds	means the gross sale proceeds arising from the sale, lease, transfer or disposal of the whole or any part of the Site:- (a) less expenses wholly and necessarily incurred in the disposal and which were not funded by the Loan; and (b) less costs and expenses (including staff costs) reasonably incurred by the Borrower in the Development Activities and the disposal including abortive disposals and which in each case were not funded by the Loan.
Potential Event of Default	means any event or circumstance specified in clause 15.1 which would (with the expiry of a grace period, the giving of notice, the making of any determination under this agreement or any combination thereof) be an Event of Default;
Related Costs	means the costs and expenses (including staff costs) reasonably incurred by the Borrower in the Development Activities and disposal of the Initial Sites and the Additional Sites, including abortive costs, stamp duty and professional fees;
Second Tranche	means up to a maximum of £2,400,000 of the Facility;
Second Tranche Availability Period	means the period from and including the date of this agreement to and including 31st March 2015;
Sites	means the Initial Sites and the Additional Sites;
State Aid Rules	means the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union, secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the

	application of Articles 107 to 109;
Sterling and £	means the lawful currency of the UK;
Total Facility Amount	means the maximum principal amount of the Facility referred to in clause 2.1;
Valuer	means a valuer acceptable to the Lender.
Washery Sites	means the Former Maesteg Washery - West Site and the Former Maesteg Washery – East Site described in Schedule 2;

1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this agreement.

1.3 A reference to **this agreement** (or any provision of it) or any other document shall be construed as a reference to this agreement, that provision or that document as it is in force for the time being and as amended, varied or supplemented from time to time in accordance with its terms, or with the agreement of the relevant parties.

1.4 A reference to a **person** shall include a reference to an individual, firm, company, corporation, unincorporated body of persons, or any state or any agency of any person.

1.5 A reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force for the time being, taking account of any amendment, extension or re-enactment and includes any former statute, statutory provision or subordinate legislation which it amends or re-enacts.

1.6 A reference to **writing** or **written** includes faxes but not e-mail.

1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.8 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.9 References to a **certified copy** of a document means a copy certified to be a true, complete and up-to-date copy of the original document, in writing and signed by a duly authorised officer of the Borrower.

1.10 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and **amended** shall be construed accordingly).

1.11 A reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration or resolution.

1.12 A reference to the **Borrower** and the **Lender** shall include their respective successors, permitted transferees and permitted assigns.

1.13 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any government, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

1.14 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the discretion of the person making it.

1.15 A reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description.

1.16 A reference to a **disposal** of any asset, undertaking or business, includes a sale, lease, licence, transfer, loan or other disposal by that person of that asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

1.17 A reference to a clause or Schedule is to a clause of, or Schedule to, this agreement unless the context requires otherwise.

1.18 A reference to **continuing** in relation to an Event of Default or Potential Event of Default means an Event of Default or Potential Event of Default which has not been waived or remedied to the Lender's satisfaction.

2. The Facility

2.1 The Lender grants to the Borrower an unsecured Sterling term loan facility of a total maximum principal amount not exceeding £2,500,000 on the terms, and subject to the conditions, of this agreement.

2.2 Subject to clause 2.1, the maximum amounts of the Facility which will be available for each Site will be set out in the Loan Allocation. A Loan Allocation for a Site may be varied by agreement between the Lender and the Borrower and the Facility can be used to fund land development works on Additional Sites provided the Total Facility Amount is not exceeded.

2.3 The Lender reserves the right to decrease the amount of the Second Tranche if the further investigations to be funded by the First Tranche do not confirm the viability of the land developments to be funded by the Second Tranche or the future development potential of the Sites.

3. Purposes

3.1 The Borrower shall use the First Tranche to finance further investigations to determine the viability of the Development Activities through professional team appointments paying particular attention to costs benefit analysis of the development options and market demand from national and local house builders.

3.2 The Borrower shall use the Second Tranche to finance the Development Activities and the Related Costs.

3.3 The Lender is not obliged to monitor or verify how any amount advanced under this agreement is used.

4. Drawing

4.1 The Borrower may utilise the First Tranche in a single amount on any Business Day during the First Tranche Availability Period. Prior to drawdown of the First Tranche, the Lender and the Borrower will agree the Initial Sites to which the First Tranche will be allocated.

4.2 The Borrower may utilise the Second Tranche in a single amount on any Business Day during the Second Tranche Availability Period. Prior to drawdown of the Second Tranche, the Lender and the Borrower will agree the Loan Allocation for the Sites.

4.3 If the Borrower notifies the Lender that it will not draw down any part of the Loan Allocation for any Site (the **"Notified Sum**") in the Second Tranche, the Notified Sum may be drawn down by the Borrower in the Second Tranche for the Development Activities and the Related Costs of any other Site provided that:

(a) for any Site, the Borrower's expenditure for carrying out the Development Activities and the Related Costs on the Site which are to be funded by the Facility does not exceed its Loan Allocation; and

(b) the Loan does not exceed the Total Facility Amount.

4.4 The Borrower shall give the Lender at least ten Business Days prior notice (or such shorter period as the Lender and the Borrower may agree) of the date on which the Borrower wants to draw down the Loan specifying the amount of the proposed Loan, the Business Day on which it is to be made and the bank account to which payment is to be made. The amount of the Loan shall not exceed the Total Facility Amount and the amount of the Loan for each Site shall not exceed its Loan Allocation.

4.5 Any notice given under clause 4.1 or 4.2 will be irrevocable.

4.6 Any amount of the Facility not drawn down during the relevant Availability Period will automatically be cancelled at the end of the relevant Availability Period.

4.7 Any amounts repaid or prepaid under the Facility are not available for re-drawing under this Agreement.

5. Conditions precedent and conditions subsequent

5.1 This clause 5 is inserted solely for the benefit of the Lender.

5.2 The Borrower may not give any notice to draw the Loan, and the Lender is not obliged to lend, until the Lender has confirmed to the Borrower that it has received all the documents and evidence specified in Schedule 1 Part One, in the form and containing the information that it requires.

5.3 The Lender's obligation to make the First Tranche available to the Borrower is subject to the Lender having confirmed to the Borrower that it has received all the documents and evidence specified in Schedule 1 Part Two, in the form and containing the information that it requires.

5.4 The Lender's obligation to make the Second Tranche available to the Borrower is subject to the Lender having confirmed to the Borrower that it has received all the documents and evidence specified in Schedule 1 Parts Two and Three, in the form and containing the information that it requires and the Lender being satisfied that the Development Activities for the Sites for which the Second Tranche is to be drawdown are still viable.

5.5 Subject to clauses 5.2, 5.3 and 5.4, the Lender will only be obliged to make any part of the Loan available if, on both the date of the notice to draw down the Loan and the proposed drawdown date of the Loan (specified in the notice referred to in clause 4.1 or 4.2):

(a) the representations and warranties in clause 10 are true and correct in all material respects and will be true and correct in all material respects immediately after the Lender has made the proposed Loan; and

(b) no Event of Default or Potential Event of Default is continuing or would result from the proposed Loan.

5.6 Simultaneously with the acquisition by the Borrower of any land within Parcel B of the Maesteg Lower Comprehensive School and associated land Initial Site (as shown outlined red in the plan for this Initial Site in Schedule 2 and marked B), the Borrower will enter a restriction at the Land Registry against the title to such land in the form set out in Schedule 1, Part One and provide the Lender with Land Registry Office copies showing the restriction within 14 days of the completion of the registration of the Borrower's title to such land at the Land Registry.

6. Interest

6.1 Subject to clause 6.2 below the Borrower shall not pay interest on the Loan.

6.2 If the Borrower fails to make any payment due under this agreement on the due date for payment, interest on the unpaid amount shall accrue daily, from the date of non-payment to the date of actual payment (both before and after judgment), at 4% above the base rate of Bank of England from time to time and shall be payable on demand by the Lender. Such interest can be compounded monthly at the Lender's option.

7. Costs

7.1 Each party shall pay its own costs and expenses (together with any value added tax on them) incurred in connection with the negotiation and preparation and execution of the Loan and/or this agreement.

7.2 The Borrower shall pay any stamp, documentary and other similar duties and taxes to which this agreement may be subject, or give rise and shall indemnify the Lender against any losses or liabilities that it may incur as a result of any delay or omission by the Borrower in paying any such duties or taxes.

7.3 The Borrower will on demand pay to the Lender the amount of all costs and expenses (including legal fees and other out of pocket expenses and any value added tax or other similar tax on the costs and expenses) incurred by the Lender in connection with the preservation, enforcement or attempted preservation or enforcement of any of the Lender's rights under this agreement.

8. Repayment and prepayment

8.1 The Borrower shall repay the Loan on the Initial Repayment Date.

8.2 The Lender will consider a request or requests from the Borrower for an extension of the Initial Repayment Date (such consent not to be unreasonably withheld or refused) where the Borrower has in the Lender's opinion used reasonable endeavours to complete the Development Activities, market and dispose of the Sites and no Event of Default or Potential Event of Default has occurred and is continuing.

8.3 The Lender may in its absolute discretion agree to an extension of the Initial Repayment Date where a Site cannot be sold for more than:

(a) its pre-development open market value; plus

(b) the amount of money spent on the Development Activities for that Site,

and no Event of Default or Potential Event of Default has occurred and is continuing.

8.4 The Net Sales Proceeds from any sale, lease, transfer or other disposal of the whole or any part of a Site for which the Loan has been drawn down shall be applied in accordance with clause 8.5, 8.6 or 8.7 as relevant. Any such disposal will need prior independent verification as a transaction at an open market value by the Valuer; the Valuer to be instructed by the Borrower.

8.5 For the Maesteg Lower Comprehensive School and associated land Initial Site where the Net Sale Proceeds referred to in clause 8.4 (together with the aggregate previous Net Sale Proceeds for the Site) is less than the pre-development open market value of the Site contained in the Valuation referred to in Schedule 1 Part Three, the Net Sale Proceeds are to be paid to the Borrower.

8.6 For the Maesteg Lower Comprehensive School and associated land Initial Site where the Net Sale Proceeds referred to in Clause 8.4 (together with the aggregate previous Net Sale Proceeds for the Site) is equal to or more than the pre-development open market value of the Site ("A") contained in the Valuation referred to in Schedule 1 Part Three, the Net Sale Proceeds shall be applied in the following order:

(a) firstly, to the Lender in prepayment of the outstanding amount of the Facility drawn down by the Borrower for the Site plus interest accrued on the Loan arising under clause 6.2;

(b) secondly, to the Borrower in an amount equal to A; and

(c) thirdly, the balance of the Net Sale Proceeds are to be shared equally between the Borrower and the Lender. The Net Sale Proceeds paid to the Lender under this clause 8.6(c) will not be applied in repayment of the Facility.

8.7 For the Washery Sites, the Net Sale Proceeds, irrespective of their amount, should be applied:

(a) firstly, in repayment to the Welsh Government of the land reclamation grant relating to the Washery Sites in accordance with the land reclamation grant agreement including payment of any interest or

other sums payable in connection with the land reclamation grant agreement;

(b) secondly, to the Lender in prepayment of the outstanding amount of the Facility drawn down by the Borrower for the Washery Sites plus interest accrued on the Loan arising under Clause 6.2; and

(c) thirdly, the balance of the Net Sale Proceeds are to be shared equally between the Borrower and the Lender. The Net Sale Proceeds paid to the Lender under this clause 8.7(c) will not be applied in repayment of the Facility.

8.8 Where the whole or any part of a Site for which the Loan has been drawn down is to be used for the Borrower's own purposes (the **"Retained Land"**) the Borrower will obtain from the Valuer, an open market valuation of the Retained Land, such valuation to take into account the potential alternative development use for which planning permission may be granted for the Retained Land. The valuation will be used to ascertain the equivalent of the gross sale proceeds for the purpose of calculating the Net Sales Proceeds to be applied in accordance with clause 8.5, 8.6 or 8.7 as relevant in such circumstances.

8.9 Where none of the Facility is drawn down in the Second Tranche for a Site due to:

(a) the Development Activities for the Site in the Lender's opinion being no longer viable; or

(b) the Borrower selling the Site for housing development purposes prior to the end of the Second Tranche Availability Period without having undertaken any Development Activities on the Site,

the Borrower will not be obliged to repay the amount of the Facility drawn down by the Borrower in the First Tranche for that Site provided no Event of Default or Potential Event of Default has occurred and is continuing.

8.10 If the aggregate Net Sale Proceeds from sales, leases, transfers or other disposals of a Site and the operation of clauses 8.5, 8.6, 8.7 and 8.8 for the Site fail to repay the amount of the Facility drawn down by the Borrower for the Site (such outstanding amount of the Facility being the **"Shortfall"**) by the Initial Repayment Date and any extension of the Initial Repayment Date under clause 8.2 or 8.3, the Borrower will not be obliged to repay the Shortfall provided that no Event of Default or Potential Event of Default has occurred and is continuing.

8.11 The Borrower may prepay amounts outstanding under the Facility in whole or in part provided that the Lender shall have received from the Borrower ten Business Days' notice in writing of its intention to make such prepayment, specifying the amount to be pre-paid.

8.12 No amount repaid or prepaid under this agreement may be subsequently reborrowed.

9. Payments including tax gross-up

9.1 All payments made by the Borrower under this agreement shall be in Sterling and in immediately available cleared funds to the Lender at such account as the Lender may notify the Borrower.

9.2 If any payment becomes due on a day that is not a Business Day, the due date of such payment will be extended to the next succeeding Business Day, or, if that Business Day falls in the following calendar month, such due date shall be the immediately preceding Business Day.

9.3 All payments made by the Borrower under this agreement shall be made in full, without set-off, counterclaim or condition, and free and clear of, and without any deduction or withholding, provided that, if the Borrower is required by law or regulation to make such deduction or withholding, it shall:

(a) ensure that the deduction or withholding does not exceed the minimum amount legally required;

(b) pay to the relevant taxation or other authorities, as appropriate, the full amount of the deduction or withholding;

(c) furnish to the Lender, within the period for payment permitted by the relevant law, either:

(i) an official receipt of the relevant taxation authorities concerned on payment to them of amounts so deducted or withheld; or

(ii) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and

(d) pay to the Lender such additional amount as is necessary to ensure that the net full amount received by the Lender after the required deduction or withholding is equal to the amount that the Lender would have received had no such deduction or withholding been made.

10. Representations and warranties

10.1 The Borrower represents and warrants to the Lender on the date of this agreement:

(a) It has the power and authority to execute, deliver and perform its obligations under this agreement and the transactions contemplated by it. No limit on its powers will be exceeded as a result of the borrowing contemplated by this agreement.

(b) The execution, delivery and performance of the obligations in, and transactions contemplated by, this agreement, do not and will not contravene or conflict with:

(i) its constitutional documents;

(ii) any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or

(iii) any law or regulation or judicial or official order, applicable to it.

(c) It has taken all necessary action and obtained all required authorisations to enable it to execute, deliver and perform its obligations under this agreement and the transactions contemplated by it and to make it admissible in evidence in its jurisdiction of incorporation. All such authorisations are in full force and effect.

(d) Its obligations under this agreement are legal, valid, binding and enforceable in accordance with its terms.

(e) It is not necessary to file, record or enrol this agreement with any court or other authority or pay any stamp, registration or similar taxes relating to this agreement or the transactions contemplated by this agreement.

(f) No Event of Default or Potential Event of Default has occurred or is continuing, or is reasonably likely to result from making the Loan or the entry into, the performance of, or any transaction contemplated by this agreement.

(g) The information, in written or electronic format, supplied by, or on its behalf, to the Lender in connection with the Facility and this agreement was, at the time it was supplied or at the date it was stated to be given (as the case may be), to the best of its knowledge and belief having made all due enquiry:

(i) if it was factual information, complete, true and accurate in all material respects;

(ii) if it was a financial projection or forecast, prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair and made on reasonable grounds; and

(iii) if it was an opinion or intention, made after careful consideration and was fair and made on reasonable grounds; and

(iv) not misleading in any material respect, nor rendered misleading by a failure to disclose other information,

except to the extent that it was amended, superseded or updated by more recent information supplied by, or on behalf of, the Borrower to the Lender.

10.2 Each of the representations and warranties in this clause 10 is deemed to be repeated by the Borrower on:

(a) the date of each request to draw down the Loan; and

(b) the dates that the Loan is actually drawn down

by reference to the facts and circumstances existing on each such date.

11. Covenants

11.1 The Borrower covenants with the Lender that, as from the date of this agreement until all its liabilities under this agreement have been discharged:-

(a) It will use all reasonable endeavours to progress the Development Activities and will undertake the Development Activities using best available techniques to ensure good value for public money. Where the Borrower buys any goods and/or services to achieve the purposes for which the Facility are provided, they must be purchased in a competitive and sustainable way so as to demonstrate that the Borrower has achieved the best value in the use of public funds.

(b) It will market the land opportunities created by the Development Activities to secure the potential outputs and outcomes:

(i) identified in Schedule 4; and

(ii) agreed from time to time between the Borrower and the Lender for the Additional Sites

at the earliest possible opportunity or immediately following completion of the Development Activities if deemed appropriate by market circumstances.

(c) Sales, leases, transfers and other disposals of the whole or any part of a Site shall be formally procured in accordance with the Borrower's contract procedure rules and the Lender's policy requirements from time to time and may include deferred purchase agreements with developer/contractors if necessary to secure market interest.

(d) It will ensure that all sales, leases, transfers and other disposals of the whole or any part of a Site by it comply with the terms of the European Commission's "Communication on state aid elements in sales of land and buildings by public authorities" (Official Journal 97/C 209/03). The terms of any contract of sale, lease, transfer or other disposal of the whole or any part of a Site by the Borrower shall be on an arms length basis and shall be as reasonably favourable to the Borrower as possible whilst reflecting the market conditions prevailing at the time of the sale.

(e) It will use all reasonable endeavours to use the Loan in obtaining additional investment for regeneration purposes in the Borrower's geographical area.

(f) Following drawdown of the Second Tranche, it will deliver to the Lender, within 7 days of the end of each two calendar months or any other period agreed between the Lender and the Borrower, progress reports on the Development Activities and the marketing and disposal of each Site to include a comparison to budget of costs incurred on the Development Activities and Related Costs, and highlighting any

issues which would cause delay in the Development Activities and related marketing and disposal activities, or affect the viability of the land developments to be funded by the Loan.

(g) Following drawdown of the Second Tranche, it will hold meetings with the Lender (at a time and place specified by the Lender) at not longer than two monthly intervals, or any other period agreed between the Lender and the Borrower, to discuss progress made on the Development Activities and related marketing and disposal activities. The Borrower will ensure that any project manager appointed by the Borrower to oversee the Development Activities (or such other person as the Lender may agree) attends all such meetings with the Lender.

(h) It will deliver to the Lender promptly such other documents, information and reports in relation to the Development Activities, the Sites and the Borrower as the Lender may reasonably request.

(i) It will promptly obtain all consents or authorisations necessary (and do all that is needed to maintain them in full force and effect) under any law or regulation to enable it to perform its obligations under this agreement and to undertake the Development Activities, and to ensure the legality, validity, enforceability and admissibility in evidence of this agreement in its jurisdiction of incorporation.

(j) It will comply with all applicable laws, regulations and official directives whether derived from domestic, European or international law.

(k) It will ensure that its obligations under this agreement will rank at least pari passu with all its other present and future unsecured and unsubordinated Indebtedness (with the exception of any obligations which are mandatorily preferred by law and not by contract).

(l) It will repay on demand by the Lender the whole or any part of the Loan which is required to be repaid under European Law (whether under State Aid Rules or otherwise).

(m) It will promptly notify the Lender of any Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

(n) For any Site, its expenditure for carrying out the Development Activities and Related Costs to be funded by the Facility will not exceed its Loan Allocation without the Lender's prior written consent.

(o) Unless the Facility is used for the purposes (the **"Purposes"**) referred to in clause 3.1 or 3.2 within 2 years after the date of this Agreement, the interest which the Borrower receives on monies drawn down under the Facility whilst such monies are held by it pending such use will, at the Borrower's option, be applied towards the Purposes or promptly paid to the Lender.

12. Audit Requirements

12.1 The Borrower must:

(a) maintain clear accounting records identifying all income and expenditure in relation to the purposes for which the Facility are provided;

(b) without charge, permit any officer or officers of the Lender, Wales Audit Office or European Commission at any reasonable time and on reasonable notice being given to the Borrower to visit the Borrower's premises and/or to inspect any of the Borrower's activities and/or to examine and take copies of the Borrower's books of account and such other documents or records as in the Lender's reasonable view may relate in any way to the Borrower's use of the Facility. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Lender, Wales Audit Office or the European Commission or any officer, servant or agent of any of the above; and

(c) retain this agreement and all original documents relating to the Facility until the Lender informs the Borrower in writing that it is safe to destroy them.

12.2 Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to the Facility. He and his officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

13. Intellectual Property Rights & Publicity

13.1 Nothing in this agreement transfers to the Lender any rights in any intellectual property created by the Borrower as a result of the use of the Facility.

13.2 The Borrower must acknowledge the Lender's support on all publicity, press releases and marketing material produced in relation to the purposes for which the Facility was provided. Such acknowledgement must be in a form approved by the Lender and must comply with the Lender's branding guidelines.

13.3 The Borrower must provide the Lender with a copy of all material listed in clause 13.2 for the Lender's approval before any such material is published and the Borrower may not publish such material without the Lender's prior written approval.

13.4 The Borrower agrees that from the date of this agreement until 5 years from the date of the final drawdown of the Second Tranche, the Lender may include details about the Borrower, its business and the Facility in the Lender's promotional materials and the Borrower further agrees to cooperate with the Lender's reasonable requests to achieve the production of such materials.

14. Access to Information

14.1 The Borrower acknowledges that the Lender is subject to the requirements of the Code of Practice on Access to Information published by the Lender (the

"**Code**"), the Freedom of Information Act 2000 (the "**FOIA**"), the Environmental Information Regulations 2004 (the "**EIR**") and the Data Protection Act 1998.

14.2 The Borrower acknowledges that the Lender is responsible for determining in its absolute discretion whether:

(a) to disclose any information which the Lender has obtained under or in connection with the Facility to the extent that the Lender is required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/or

(b) any information is exempt from disclosure under the Code, the FOIA or the EIR.

15. Events of Default

15.1 Each of the events or circumstances set out in this clause 15.1 is an Event of Default

(a) The Borrower fails to pay any sum payable under this agreement, unless its failure to pay is caused solely by an administrative error or technical problem and payment is made within three Business Days of its due date.

(b) The Borrower fails to comply with clause 5.6.

(c) The Borrower fails to comply with any provision of this agreement (other than those referred to under clause 15.1(a) and 15.1(b)) and such default is in the reasonable opinion of the Lender not capable of remedy or if the Lender considers, acting reasonably, that the default is capable of remedy, such default is not remedied within 30 days of the earlier of:

(i) the Lender notifying the Borrower of the default and the remedy required;

(ii) the Borrower becoming aware of the default.

(d) Any representation, warranty or statement made, repeated or deemed made by the Borrower in, or pursuant to, this agreement is (or proves to have been) incomplete, untrue, incorrect or misleading in any material respect when made, repeated or deemed made.

(e) The Lender believes that the Development Activities for a Site (the **"Affected Site**") are no longer viable.

(f) If:

(i) any Borrowed Money is not paid when due or within any originally applicable grace period; or

(ii) any Borrowed Money becomes due, or capable or being declared due and payable prior to its stated maturity by reason of an event of default howsoever described;

(iii) any commitments for Borrowed Money is cancelled or suspended by a creditor of the Borrower by reason of an event of default howsoever described; or

(iv) any creditor of the Borrower becomes entitled to declare any Borrowed Money due and payable prior to its stated maturity by reason of an event of default (howsoever described).

(g) The Borrower stops or suspends payment of any of its debts, or is unable to, or admits its inability to; pay its debts as they fall due.

(h) A receiver is appointed by the High Court under the Local Government Act 2003 section 13(5) in respect of the Borrower or any of its assets.

(i) Any action, proceedings, procedure or step is taken for:

(i) the suspension of payments, a moratorium of any Indebtedness, dissolution, administration or reorganisation of the Borrower; or

(ii) the composition, compromise, assignment or arrangement with any creditor.

(j) The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties).

(k) A distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the Borrower's assets and is not discharged or stayed within 14 days.

(l) Any provision of this agreement is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

(m) The Borrower repudiates or shows an intention to repudiate this agreement.

(n) The Borrower ceases, or threatens to cease, to carry on all or a substantial part of its activities.

15.2 Any event occurs (or circumstances exist) which, in the reasonable opinion of the Lender, has or is likely to materially and adversely affect the Borrower's ability to perform all or any of its obligations under, or otherwise comply with the terms of, this agreement.

15.3 At any time after an Event of Default (other than referred to under clause 15.1 (e)) has occurred, the Lender may, by notice to the Borrower:

(a) cancel all outstanding obligations of the Lender under this agreement whereupon they shall be immediately be cancelled; and/or

(b) declare that the Loan (and all accrued interest and all other amounts outstanding under this agreement) is immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that the Loan be payable on demand, whereupon it shall become immediately payable on demand by the Lender.

15.4 At any time after an Event of Default referred to in clause 15.1 (e) has occurred, the Lender may by notice to the Borrower:

(a) cancel all outstanding obligations of the Lender under this agreement for the Loan Allocation of the Affected Site;

(b) subject to clause 8.9, declare that the Loan relating to the Affected Site (and all accrued interest and all other amounts outstanding under this agreement in relation to such Loan) is immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) subject to clause 8.9, declare that the Loan relating to the Affected Site be payable on demand, whereupon it shall become immediately payable on demand by the Lender.

16. Calculations, accounts and certificates

16.1 Any interest, under this agreement shall accrue on a day-to-day basis, calculated according to the number of actual days elapsed and a year of 365 days.

16.2 The Lender shall maintain accounts evidencing the amounts owed to it by the Borrower, in accordance with its usual practice. Entries in those accounts shall be prima facie evidence of the existence and amount of the Borrower's obligations as recorded in them.

16.3 If the Lender issues any certificate, determination or notification of a rate or any amount payable under this agreement, it shall be (in the absence of manifest error) conclusive evidence of the matter to which it relates.

17. Remedies, waivers, amendments, consents and continuing conditions

17.1 Any amendment to this agreement shall be in writing and signed by, or on behalf of, each party.

17.2 Any waiver of any right or remedy or any consent given under this agreement is only effective if it is in writing and signed by the waiving or consenting party. It shall apply only in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

17.3 No delay or failure to exercise any right or remedy under this agreement on the part of the Lender shall operate as a waiver of any such right or remedy or constitute an election to affirm this agreement. No election to affirm this agreement on the part of the Lender shall be effective unless it is in writing.

17.4 No single or partial exercise of any right or remedy under this agreement the Lender shall prevent any further or other exercise or the exercise of any other right or remedy under this agreement.

17.5 Rights and remedies under this agreement are cumulative and do not exclude any other rights or remedies provided by law or otherwise.

17.6 Clauses 12, 13, 14 and 17.6 and such other clauses which by implication need to continue in force beyond the discharge of all liabilities under this agreement will so continue in full force and effect.

18. Severance

18.1 The invalidity, unenforceability or illegality of any provision (or part of a provision) of this agreement under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.

18.2 If any invalid, unenforceable or illegal provision would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with whatever modification as is necessary to give effect to the commercial intention of the parties.

19. Assignment and transfer

19.1 The Lender may assign any of its rights under this agreement or transfer all its rights or obligations by novation.

19.2 The Borrower may not assign any of its rights or transfer any of its rights or obligations under this agreement.

20. Counterparts

20.1 This agreement may be executed in any number of counterparts, each of which is an original and which, together, have the same effect as if each party had signed the same document.

21. Third party rights

21.1 A person who is not a party to this agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this agreement.

22. Notices

22.1 Each notice or other communication required to be given under, or in connection with, this agreement shall be:

(a) in writing, delivered personally or sent by pre-paid first-class letter or fax; and

(b) sent:

(i) to the Borrower at: Civic Offices, Angel Street, Bridgend, CF31 4WB marked for the attention of Corporate Director - Communities. Fax number: 01656 646 972

(ii) to the Lender at: Homes and Places Division, Welsh Government, Rhydycar Business Park, Merthyr Tydfil, CF48 1UZ marked for the attention of Meurig Watts, Head of Regeneration (South). Fax number: 0300 790 4583.

or to any other addresses or fax numbers that are notified in writing by one party to the other from time to time.

22.2 Any notice or other communication given by the Lender shall be deemed to have been received:

(a) if sent by fax, when received in legible form;

(b) if given by hand, at the time of actual delivery; and

(c) if posted, on the second Business Day following the day on which it was despatched by pre-paid first-class post.

22.3 A notice or other communication given as described in clauses 22.2(a) or clause 22.2(b) on a day which is not a Business Day, or after normal business hours in the place of receipt, shall be deemed to have been received on the next Business Day.

22.4 Any notice or other communication given to the Lender shall be deemed to have been received only on actual receipt.

23. Governing law and jurisdiction

23.1 This agreement and any dispute or claim arising out of, or in connection with it, or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

23.2 The parties to this agreement irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

Executed by the Parties as a deed on the date stated at the beginning of this agreement.

Schedule 1 - Conditions Precedent

Part One

1 Authorities

1.1 A copy of the constitution of the Borrower other than where the constitution is available online. The constitution can currently be found online at http://www1.bridgend.gov.uk/democracy/constitution.aspx.

1.2 A copy of the resolutions duly passed by the Borrower approving the entry into, and terms of, and transactions contemplated by, this agreement.

1.3 The resolutions referred to in the previous paragraph shall be certified as true copies by the proper officer of the Borrower and if any decision is taken under delegated authority then duly certified copies of the resolution or, as the case may be, extracts from the Borrower's constitutional documents giving the delegated authority being exercised shall also be provided.

1.4 The duplicate of this agreement sealed on behalf of the Borrower.

1.5 Land Registry office copies of the Initial Sites owned by the Borrower showing that the following restriction has been entered against such Initial Sites *"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the Welsh Ministers of Cathays Park, Cardiff CF10 3NQ or their conveyancer."*

Part Two

1 Other information

1.1 Valuations by the Valuer of the estimated open market value of the Initial Sites on completion of the Development Activities.

1.2 A copy of any other authorisation or document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by this agreement or for the validity and enforcement of this agreement.

Part Three

1 Other information

1.1 Valuations of the Initial Sites by the Valuer confirming their existing open market value.

1.2 Evidence of the completion of the geo-technical consultancy stage funded by the First Tranche to include:

(a) Review of existing site investigation information as defined by the Borrower's desk study check list.

(b) Production of a report that will:

(i) identify gaps in the site investigation information and items requiring updating; and

(ii) provide an early assessment (pre site investigation) of the feasibility/viability of the Initial Sites.

(c) Preparation of tender and contract documentation for commissioning the site investigation work.

1.3 A copy of any other authorisation or document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by this agreement or for the validity and enforcement of this agreement.

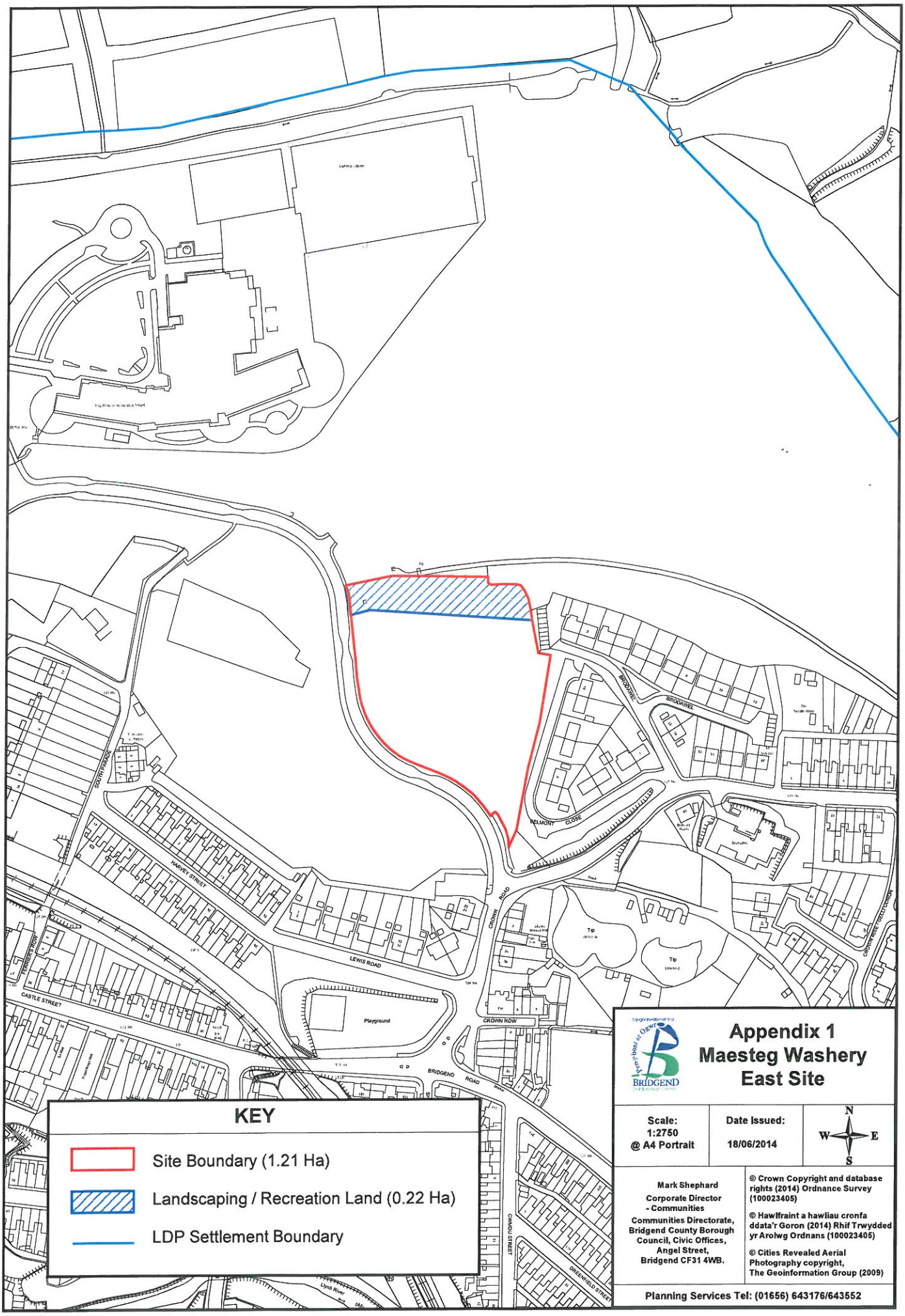
Schedule 2 - Initial Sites

Former Maesteg Washery – West Site

Former Maesteg Washery – East Site

Maesteg Lower Comprehensive School and associated land

as each Initial Site is outlined in red in the attached Plans



KEY

- Site Boundary (1.21 Ha)
- Landscaping / Recreation Land (0.22 Ha)
- LDP Settlement Boundary

Appendix 1
Maesteg Washery East Site

Scale:	Date Issued:	
1:2750 @ A4 Portrait	18/06/2014	N W E S

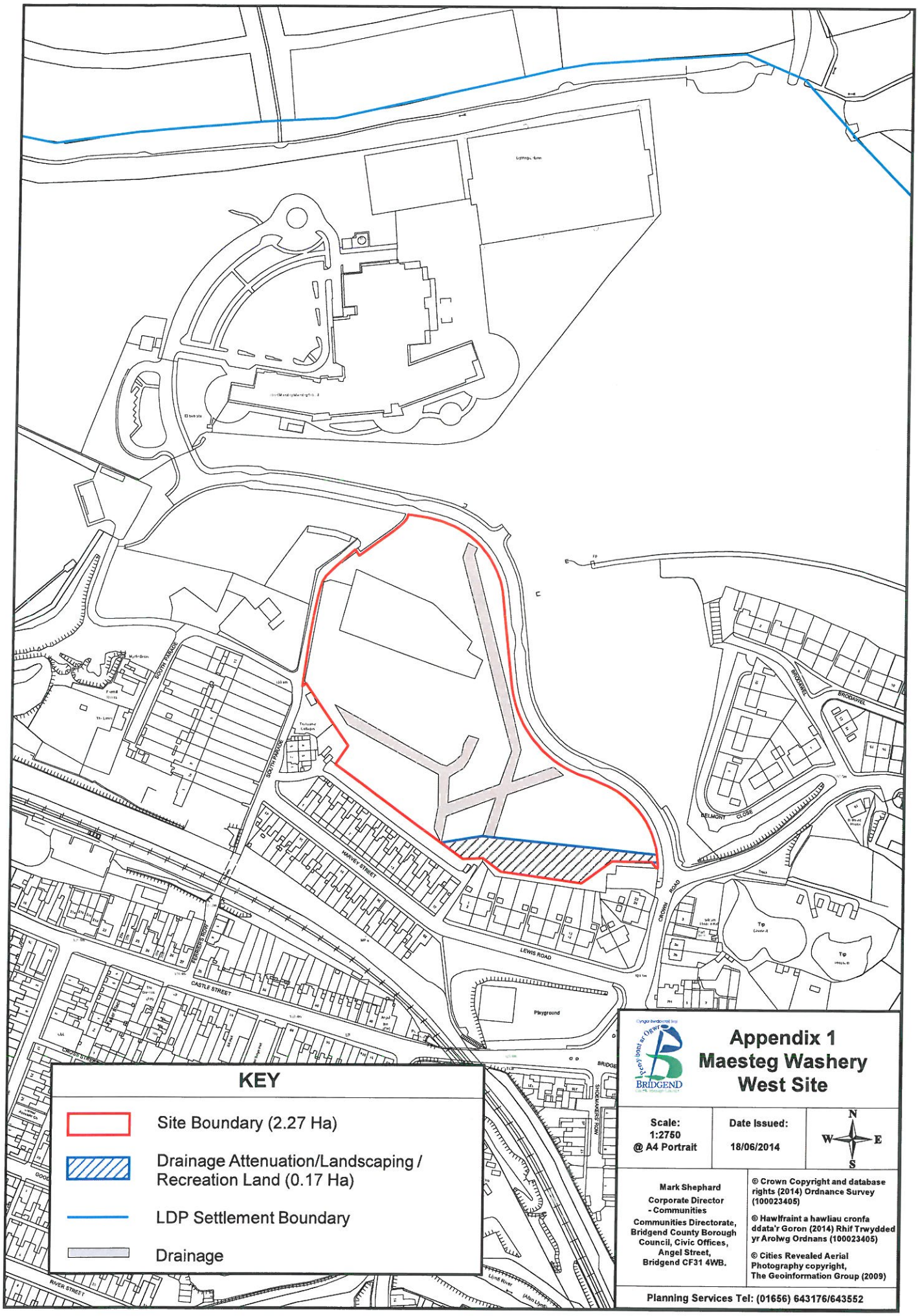
Mark Shephard
Corporate Director - Communities
Communities Directorate,
Bridgend County Borough Council, Civic Offices,
Angel Street,
Bridgend CF31 4WB.

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Planning Services Tel: (01656) 643176/643552



KEY

- Site Boundary (2.27 Ha)
- Drainage Attenuation/Landscaping / Recreation Land (0.17 Ha)
- LDP Settlement Boundary
- Drainage

Appendix 1
Maesteg Washery West Site

Scale: 1:2750 @ A4 Portrait	Date Issued: 18/06/2014	N W E S

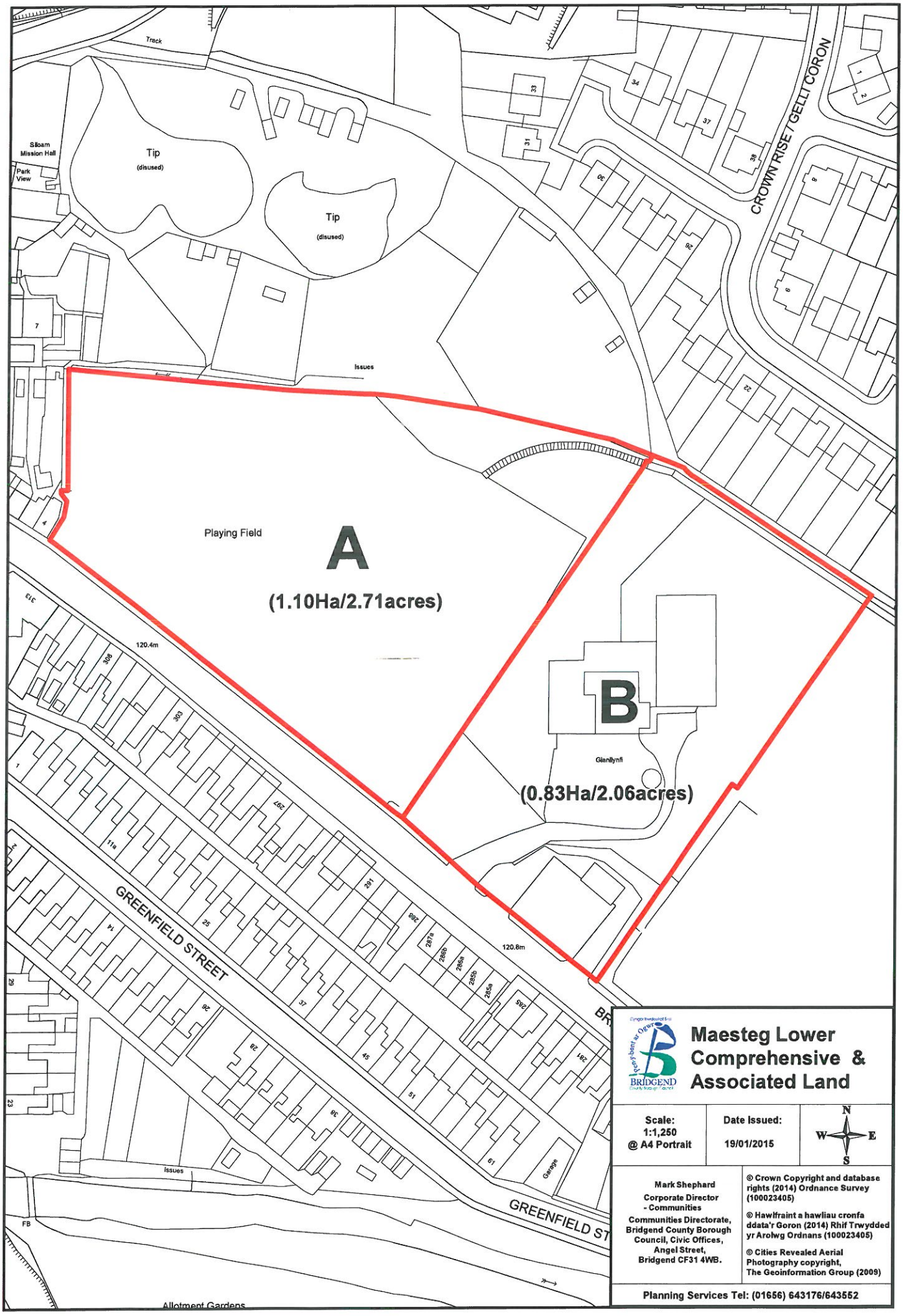
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Maesteg Lower Comprehensive & Associated Land

Scale: 1:1,250 @ A4 Portrait	Date Issued: 19/01/2015	N W E S

Mark Shephard
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Schedule 3 – Business Cases

See attached Business Cases (excluding Appendices 3 for Former Maesteg Washery – West Site and Former Maesteg Washery – East Site)

COMMERCIALLY CONFIDENTIAL

FINAL DRAFT REPORT

Maesteg Washery - East Site

1. Introduction

1.1 This report examines the feasibility of developing part of Council owned land at the former Maesteg Washery Site for future residential development.

1.2 The purpose of the report is to support a business case and application to Welsh Government for Land Reclamation Grant funding to reclaim part of the former Washery site located within the settlement boundary of Maesteg immediately south of the new Maesteg Comprehensive School and east of the school's access road for new market and affordable housing.

1.3 The report is structured as follows:-

- Section 2 – provides an overview and background to the site, its location and key characteristics and land-use parameters.
- Section 3 – provides the development planning policy context of the site and relationship with the wider recently commissioned Llynfi Valley Underutilised Assets Study.
- Section 4 – summarises the key technical issues associated with the site.
- Section 5 – provides an evaluation of the potential costs and capital receipts that would be generated by the development and a rationale for public sector intervention.

2. Site Details

2.1 The site under consideration extends to approximately 1.2 has / 3acs and represents part of the former Maesteg Washery site. It is situated in a highly visible and prominent location immediately east and within easy walking distance of Maesteg town centre. Bridgend and junction 36 of the M4 are approximately 8 miles to the south.

Background

2.2 The wider Maesteg Washery site comprised of 145 hectares of former derelict land to the east of Maesteg Town Centre, which was subject to a reclamation scheme between 2001 and 2003. The reclamation scheme dealt with tip removal, decontamination and the creation of an access road together with a number of development plateaux.

2.3 The original scheme was intended to create 17 hectares of developable land for a range of uses, but principally focussed on a new comprehensive school and residential development. Site investigations revealed however that potential development areas were underlain by coal seams and iron deposits containing old mine workings. The original scheme intended to excavate and re-compact the land to provide fully remediated development sites.

2.4 However issues with respect to transportation of the excavated minerals (coal) resulted in a redesign of the scheme and a different remediation method of grouting to create a suitable

building plateau just for the proposed new school and its associated playing fields eventually took place.

2.5 This has resulted in the requirement for **further** remediation in order to bring any residential land forward for development. The location of the potential residential parcels of the wider scheme has also evolved as a result of the scheme's redesign, one of which is located to the east of the school approach road and the subject of this feasibility report.

Site Extent and Characteristics

2.6 The site proposed for development extends to approximately 1.2 hectares / 3.0acs with a potential net developable area of 0.92 ha. This could potentially accommodate 32 residential units at an average density of 35 dwellings per hectare. This development area has been defined as the result of the previous reclamation scheme and earth modelling works. A plan is attached as **Appendix 1,** which defines the boundary of the site and the residential development parcel.

2.7 The site is located to the east of the existing access road to the new comprehensive school. This access is gained from Crown Road to the south, which joins Bridgend Road / Crown Row at a reconfigured junction, undertaken as part of the school development. The eastern boundary of site is defined by Belmont Close and the northern extent by an existing cycle route. The area therefore has the potential of being easily integrated into the existing urban fabric of this part of Maesteg. The site is also elevated and rises towards the existing school, which currently represents a rather isolated but 'iconic' building within the wider landscape currently divorced from the settlement.

The school would therefore greatly benefit from being more integrated with the surrounding area and the town and valley communities which it serves. Development of the site for residential development would achieve this wider objective of integration, creating a natural expansion of the town. An aerial photograph of the site and its relationship with the adjacent school, the town centre and the surrounding area is attached at **Appendix 2.**

Land-use Parameters

The total site area measures 1.2 hectares in extent. The most northely-easterly part of the site immediately south of the existing cycle route of approximately of 0.2 hectares is considered unsuitable for future development given the existence of a former mine shaft and other potential features. It is envisaged that this area will provide an opportunity for informal recreational space for the proposed residential development and a landscaped setting for the cycle route and the comprehensive school. The remaining developable area of 0.9 hectares is proposed for residential development, accommodating approximately 32 units at an average density of **35** dwellings per hectare as illustrated at **Appendix 1.**

3. Planning Policy and Under-Utilised Asset Study Context

Planning Policy Context

3.1 The adopted LDP is founded on a regeneration-led spatial strategy, which aims to promote sustainable development, especially associated with the regeneration of brownfield sites within the urban area. Maesteg and the Llynfi valley is identified as a Strategic Regeneration Growth Area (SRGA), which complements the identification of Maesteg as a key hub settlement in the Wales Spatial Plan. In this context Maesteg should function as a focus for development benefiting its surrounding valley communities including stimulating

housing to secure a sustainable level of growth. It is acknowledged in the LDP that development here should be supported by levering 'Western Valleys Strategic Regeneration Area' and other public sector funding for specific projects, and that the Council as a significant land owner will need to work in partnership with others, including the private and other public sector bodies.

3.2 The site proposed for residential development is located within the defined settlement boundary of Maesteg and the Local Development Plan's Maesteg and the Llynfi Valley SRGA. The wider area is allocated by Policy PLA3(5) for mixed uses incorporating residential development (COM1(16) refers) and accessible natural green space (COM13(11) refers). The LDP allocation also includes other potential residential parcels, the existing comprehensive school and land to the north and west, including South Parade Playing fields. It is considered that the actual amount of housing on the wider site will be determined by on-going feasibility, although the LDP anticipates that 135 new market and affordable homes can be accommodated up to 2021, corresponding in part to the development of this site.

3.3 The former UDP also defined the former Washery site as a key regeneration and mixed-use site, which similarly included an element of residential development estimated at 250 new homes. This contribution has been reviewed as part of the LDP process to reflect the changing circumstances and uncertainties relating to the full remediation of the remaining developable parts of the site.

3.4 There is therefore a longstanding expectation from the local community and the Council that residential development will be able to come forward at this site, albeit accelerated by further public sector intervention in the form of additional land remediation.

Relationship with the Under-utilised Assets Study

3.5 The wider former Maesteg Washery Site was also considered as part of a recent study funded by Welsh Government and undertaken by DTZ that looked at under-utilised Assets in the Llynfi Valley, and is identified as a Priority 1 Opportunity. The study notes that the site has so far failed to attract much needed private sector investment required to generate a substantial area of Maesteg. In its commentary, the study supports the notion that the wider site could accommodate a range of land uses including residential development and self-build plots which could act as enabling development.

3.6 Certainly in terms of market demand, there is a perception among the local community and local agents that the release of fully remediated land for housing would be very popular and attractive to the market, given the sites elevated and prestigious position on the valley side, and located on what is perceived as the 'sunny' side of the valley, benefitting from west and southerly facing slopes, providing maximum solar gain. These factors make the site especially attractive to the local market and potentially to regional and the volume builders.

4. Technical Considerations

4.1 A detailed desk-top study identifying the potential technical issues relating to this and other land parcels (together with budget estimates to fully remediate this and other parcels of land for proposed residential development) has been undertaken by the Council's engineers and this is attached in full at **Appendix 3**. In summary the key technical issues that the study has identified and which any land reclamation grant funding will need to address relate to:-

Ground Conditions

4.2 The site is underlain by a number of coal seams and ironstone workings and will be required to be treated and improved by shallow grouting and / or an appropriate compaction technique to be determined after mining analysis and SI results are known, building on the original works undertaken as part of the previous land reclamation exercise. The Council holds detailed reports and research material previously commissioned to inform the extent of the underlying seams and void ratios etc. relating to the site. Any contamination issues relating to the site were previously dealt with as part of the previous land reclamation, including dealing with Japanese Knotweed.

Drainage and Other Services

4.3 The previous land reclamation scheme created a new drainage channel to divert storm water run-off from the mountainside further north. This has resulted in 'freeing-up' the capacity of local culverts which will allow them to take the increase generated by the development. Sufficient land is also available for surface water attenuation measures within Council owned land. In terms of foul drainage it is possible that this can be discharged into the local network; although this needs to be verified by Welsh Water with respect to local capacity issues.

In terms of other services, access to water, gas and electricity is available, subject to local network capacities, which will need to be checked with individual service providers.

Highway and Access Issues

4.4 The site will require no further road infrastructure to come forward. The site can be adequately accessed off the existing highway serving the new comprehensive school. It may also be possible to access the site off Belmont Close for individual plot development (suitable for possible self-build).

Ecological Issues

4.5 Following the previous land reclamation exercise the site has been left fallow with very little growth due to lack of replacement topsoil. As such the site is unlikely to be of high ecological value and a walk over survey by the Council's ecologist is likely to confirm this status. Indeed the possible introduction of landscaping features to the north of the development area and immediately south of the cycle route will improve the ecological value of the site. Any protected species that may be encountered could be translocated to nearby habitats.

Archaeological Issues

An archaeological desk top study was carried out as part of the original reclamation exercise and Glamorgan Gwent Archaeological Trust was consulted, who recommended a watching brief be carried out at the time of reclamation. This was carried and out and no exceptional finds were made. As a precaution further consultation with GGAT is likely to be required at the planning application stage.

5. Evaluation

5.1 The costs associated with the removal of constraints required to ready the site for future housing development and the potential receipts generated are set out in the development appraisal table below. This is based on a land-use parameter of **32** dwellings.

5.2 These costings have been extracted from the various previous reports undertaken for this and other development sites and the budget estimates contained in the detailed report attached at **Appendix 3**.

Development Appraisal - Table

Element	**East Site**	
	32 Units / 2.2 ac	
	High Cost Estimate £'000	Low Cost Estimate £'000
Highways	0	0
Services	72	48
Foul Sewer	10	5
Storm Sewer	48	16
Grouting	282	198
Compaction	186	93
Sub-Totals	598	360
Fees (15%)	90	54
Contingency (10%)	60	36
Totals	**748**	**450**
Low Receipts (£200k/Ac)	**474**	
High Receipts (£300k/Ac)	**711**	

5.3 The estimated 'mid' cost of delivering the site would be **£0.6 m.** The corresponding 'mid' receipt for the site would be **£0.59 m**. This compares to a current base valuation for this land by the Council (without the benefit of planning consent or remediation) of only £50,000 per ac. (£0.11 m)

5.4 This 'mid' value assessment of the likely 'inputs' and 'outputs' of any potential scheme for the site illustrates that the end commercial value of bringing the site forward is marginally **less** than the required input costs.

5.5 This demonstrates that there is no prospect to deliver the site commercially by the private sector without public sector intervention. The values are however minimal to the public purse in absolute terms.

6 Wider Regeneration Outputs

6.1. **The delivery of 32 new dwellings on the site** within the next 5 years will provide Maesteg Comprehensive School and the town of Maesteg with a new urban context and help sustain the local community. The construction phase of the development will provide approximately

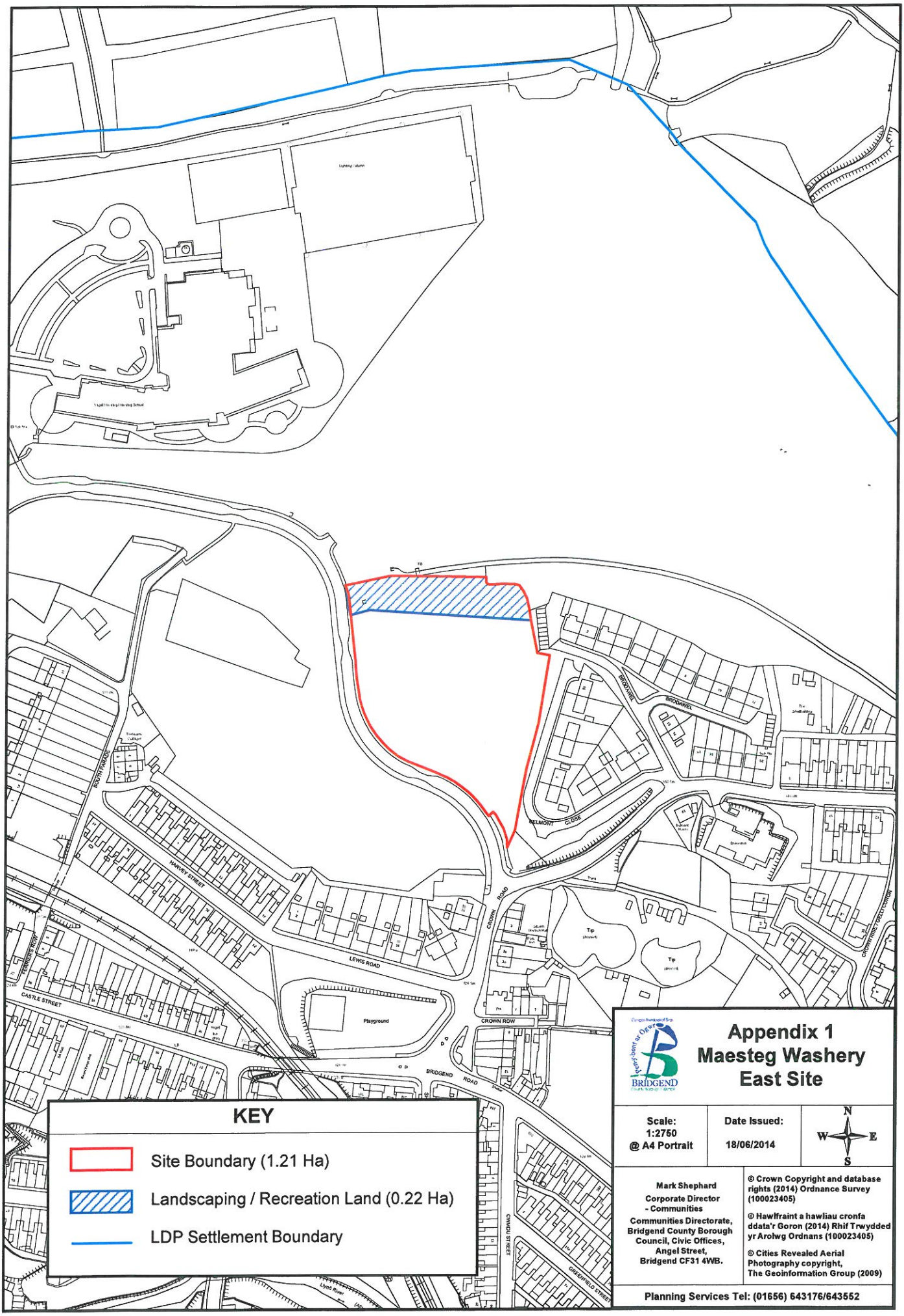
70 temporary jobs and the site's location, close to the town centre will encourage additional footfall and increase expenditure locally to help sustain commercial premises. The development will also deliver 15% affordable housing in accordance with LDP Policy.

Risks

6.2 Many of the risks have already been identified as part of the detailed desk top exercise undertaken by the Council's engineers as explained in **Appendix 3** and reflected in the variation of costs of the 'low' and 'high' cost scenarios.

6.3 It should be noted however that all of the land is within Council ownership and on this basis risks to the delivery would be minimal.

6.4 In terms of a risk to the delivery of housing and the site's attraction to the market, it should be noted that the volume builders as evidenced in Persimmon Homes' open letter to all South Wales Chief Executives identified the Llynfi Valley as an area which **is** potentially viable. There was also recognised to be significant latent demand for new housing within the Llynfi Valley providing a wider choice of house type to traditional terraced property. In the case of delivery of housing here, there is also positive market sentiment for part of the site to come forward as **self-build plots**, which could compliment the delivery of potential sites elsewhere within the locality.



KEY

- Site Boundary (1.21 Ha)
- Landscaping / Recreation Land (0.22 Ha)
- LDP Settlement Boundary

Appendix 1
Maesteg Washery East Site

Scale: 1:2750 @ A4 Portrait	Date Issued: 18/06/2014	N W E S

Mark Shephard
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Appendix 2
Maesteg Washery East Site

Scale: 1:6000 @ A4 Portrait	Date Issued: 18/06/2014	N W E S

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FINAL DRAFT REPORT

Maesteg Washery - West Site

1. Introduction

1.1 This report examines the feasibility of developing part of Council owned land at the former Maesteg Washery Site for future residential development.

1.2 The purpose of the report is to support a business case and application to Welsh Government for Land Reclamation Grant funding to reclaim part of the former Washery site located within the settlement boundary of Maesteg immediately south of the new Maesteg Comprehensive School and west of the school's access road for new market and affordable housing.

1.3 The report is structured as follows:-

- Section 2 – provides an overview and background to the site, its location and key characteristics and land-use parameters.
- Section 3 – provides the development planning policy context of the site and relationship with the wider recently commissioned Llynfi Valley Underutilised Assets Study.
- Section 4 – summarises the key technical issues associated with the site.
- Section 5 – provides an evaluation of the potential costs and capital receipts that would be generated by the development and a rationale for public sector intervention.

2. Site Details

2.1 The site under consideration extends to approximately 2.27 has / 5.62acs and represents part of the former Maesteg Washery site. It is situated in a highly visible and prominent location immediately east and within easy walking distance of Maesteg town centre. Bridgend and junction 36 of the M4 are approximately 8 miles to the south.

Background

2.2 The wider Maesteg Washery site comprised of 145 hectares of former derelict land to the east of Maesteg Town Centre, which was subject to a reclamation scheme between 2001 and 2003. The reclamation scheme dealt with tip removal, decontamination and the creation of an access road together with a number of development plateaux.

2.3 The original scheme was intended to create 17 hectares of developable land for a range of uses, but principally focussed on a new comprehensive school and residential development. Site investigations revealed however that potential development areas were underlain by coal seams and iron deposits containing old mine workings. The original scheme intended to excavate and re-compact the land to provide fully remediated development sites.

2.4 However issues with respect to transportation of the excavated minerals (coal) resulted in a redesign of the scheme and a different remediation method of grouting to create a suitable

building plateau just for the proposed new school and its associated playing fields eventually took place.

2.5 This has resulted in the requirement for **further** remediation in order to bring any residential land forward for development. The location of the potential residential parcels of the wider scheme has also evolved as a result of the scheme's redesign. One such residential parcel is located to the **west** of the school approach road and the subject of this feasibility report.

Site Extent and Characteristics

2.6 The site proposed for development extends to 2.27 hectares / 5.62 acs with a potential net developable area for residential development of 1.89 ha. This could potentially accommodate 66 residential units at an average density of 35 dwellings per hectare. This development area has been defined as the result of the previous reclamation scheme and earth modelling works. A plan is attached as **Appendix 1,** which defines the boundary of the site, and the residential development parcel.

2.7 The site is located to the west of the existing access road to the new comprehensive school. This access is gained from Crown Road to the south, which joins Bridgend Road / Crown Row at a reconfigured junction, undertaken as part of the school development. The southern boundary of the site is defined by the rear gardens of existing houses along Harvey Street and Lewis Row. The area therefore has the potential of being easily integrated into the existing urban fabric of this part of Maesteg. The site is elevated and rises towards the existing school, which currently represents a rather isolated but 'iconic' building within the wider landscape currently divorced from the settlement.

The school would therefore greatly benefit from being more integrated with the surrounding area and the town and valley communities which it serves. Development of the site for residential development would achieve this wider objective of integration, creating a natural expansion of the town. An aerial photograph of the site and its relationship with the adjacent school, the town centre and the surrounding area is attached at **Appendix 2**.

Land-use Parameters

The total site area measures 2.27 hectares in extent. The most south-easterly part of the site immediately north of existing residential properties along Lewis Road (of approximately 0.17 hectares) is likely to be required for surface water drainage attenuation measures. This could incorporate ponds, stilling basins, swales etc. and are likely to be required because of the ground conditions, relative elevations and location means that other SUDS infiltration techniques are likely to be rejected. This area can provide an opportunity for informal recreation and will act as a buffer zone between existing and proposed development. The remaining part of the site of approximately 1.89 hectares, subject to a suitable scheme layout that accounts for the existence of existing underground drains, could accommodate **66** dwellings at an average density of 35 dwellings per hectare, as illustrated on **Appendix 1**.

3. Planning Policy and Under-Utilised Asset Study Context

Planning Policy Context

3.1 The adopted LDP is founded on a regeneration-led spatial strategy, which aims to promote sustainable development, especially associated with the regeneration of brownfield sites within the urban area. Maesteg and the Llynfi valley is identified as a Strategic

Regeneration Growth Area (SRGA), which complements the identification of Maesteg as a key hub settlement in the Wales Spatial Plan. In this context Maesteg should function as a focus for development benefiting its surrounding valley communities including stimulating housing to secure a sustainable level of growth. It is acknowledged in the LDP that development here should be supported by levering 'Western Valleys Strategic Regeneration Area' and other public sector funding for specific projects, and that the Council as a significant land owner will need to work in partnership with others, including the private and other public sector bodies.

3.2 The site proposed for residential development is located within the defined settlement boundary of Maesteg and the Local Development Plan's Maesteg and the Llynfi Valley SRGA. The wider area is allocated by Policy PLA3(5) for mixed uses incorporating residential development (COM1(16) refers) and accessible natural green space (COM13(11) refers). The LDP allocation also includes other potential residential parcels, the existing comprehensive school and land to the north and west, including South Parade Playing fields. It is considered that the actual amount of housing on the wider site will be determined by on-going feasibility, although the LDP anticipates that 135 new market and affordable homes can be accommodated on various parcels up to 2021, corresponding in part to the development of this site.

3.3 The former UDP also defined the former Washery site as a key regeneration and mixed-use site, which similarly included an element of residential development estimated at 250 new homes. This contribution has been reviewed as part of the LDP process to reflect the changing circumstances and uncertainties relating to the full remediation of the remaining developable parts of the site.

3.4 There is therefore a longstanding expectation from the local community and the Council that residential development will be able to come forward at this site, albeit accelerated by further public sector intervention in the form of additional land remediation.

Relationship with the Under-utilised Assets Study

3.5 The wider former Maesteg Washery Site was also considered as part of a recent study funded by Welsh Government and undertaken by DTZ that looked at under-utilised Assets in the Llynfi Valley, and is identified as a Priority 1 Opportunity. The study notes that the site has so far failed to attract much needed private sector investment required to generate a substantial area of Maesteg. In its commentary, the study supports the notion that the wider site could accommodate a range of land uses including residential development and self-build plots which could act as enabling development.

3.6 Certainly in terms of market demand, there is a perception among the local community and local agents that the release of fully remediated land for housing would be very popular and attractive to the market, given the sites elevated and prestigious position on the valley side, and located on what is perceived as the 'sunny' side of the valley, benefitting from west and southerly facing slopes, providing maximum solar gain. These factors make the site especially attractive to the local market and potentially to regional and the volume builders.

4. Technical Considerations

4.1 A detailed desk-top study identifying the potential technical issues relating to this and other land parcels (together with budget estimates to fully remediate this and other parcels of land for proposed residential development) has been undertaken by the Council's engineers and this is attached in full at **Appendix 3**. In summary the key technical issues

that the study has identified and which any land reclamation grant funding will need to address relate to:-

Ground Conditions

4.2 The site is underlain by a number of coal seams and ironstone workings and will be required to be treated and improved by shallow grouting and / or an appropriate compaction technique to be determined after mining analysis and SI results are known, building on the original works undertaken as part of the previous land reclamation exercise. The Council holds detailed reports and research material previously commissioned to inform the extent of the underlying seams and void ratios etc. relating to the site. Any contamination issues relating to the site were previously dealt with as part of the previous land reclamation, including dealing with Japanese Knotweed. The site contains a number of drains the position of which are recorded (see **Appendix 1)** and these would need to be taken account of when any ground improvements and subsequent development takes place.

Drainage and Other Services

4.3 The previous land reclamation scheme created a new drainage channel to divert storm water run-off from the mountainside further north. This has resulted in 'freeing-up' the capacity of local culverts which will allow them to take the increase generated by the development. Sufficient land is also available for surface water attenuation measures south of the housing development parcel. In terms of foul drainage it is possible that this can be discharged into the local network; although this needs to be verified by Welsh Water with respect to local capacity issues.

In terms of other services, access to water, gas and electricity is available, subject to local network capacities, which will need to be checked with individual service providers.

Highway and Access Issues

4.4 The site will require no further road infrastructure to come forward. The site can be adequately accessed off the existing highway serving the new comprehensive school.

Ecological Issues

4.5 Following the previous land reclamation exercise the site has been left fallow with very little growth due to lack of replacement topsoil. As such the site is unlikely to be of high ecological value and a walk over survey by the Council's ecologist is likely to confirm this status. Indeed the possible introduction of attenuation features to the south of the development area will improve the ecological value of the site. Any protected species that may be encountered could be translocated to nearby habitats.

Archaeological Issues

An archaeological desk top study was carried out as part of the original reclamation exercise and Glamorgan Gwent Archaeological Trust was consulted, who recommended a watching brief be carried out at the time of reclamation. This was carried and out and no exceptional find made. The site is however located in close proximity to the Maesteg Iron Works and it maybe prudent to consult an archaeologist to oversee future works.

5. Evaluation

5.1 The costs associated with the removal of constraints required to ready the site for future housing development and the potential receipts generated are set out in the development appraisal table below. This is based on a land-use parameter of **66** dwellings.

5.2 These costings have been extracted from the various previous reports undertaken for this and other development sites and the budget estimates contained in the detailed report attached at **Appendix 3**.

Development Appraisal - Table

Element	**West Site** **66 Units / 4.6 ac**	
	High Cost Estimate £'000	Low Cost Estimate £'000
Highways	0	0
Services	144	96
Foul Sewer	12	6
Storm Sewer	96	32
Grouting	563	396
Compaction	371	187
Sub-Totals	1,186	717
Fees (15%)	178	108
Contingency (10%)	119	72
Totals	**1,483**	**897**
Low Receipts (£200k/Ac)	**935**	
High Receipts (£300k/Ac)	**1,402**	

5.3 The estimated 'mid' cost of delivering the site would be **£1.19 m.** The corresponding 'mid' receipt for the site would be **£1.17 m**. This compares to a current base valuation for this land by the Council (without the benefit of planning consent or remediation) of only £50,000 per ac. (£0.23 m)

5.4 This 'mid' value assessment of the likely 'inputs' and 'outputs' of any potential scheme for the site illustrates that the end commercial value of bringing the site forward is marginally **less** than the required input costs.

5.5 This demonstrates that there is no prospect to deliver the site commercially by the private sector without public sector intervention. The values are however minimal to the public purse in absolute terms.

6 Wider Regeneration Outputs

6.1. **The delivery of 66 new dwellings on the site** within the next 5 years will provide Maesteg Comprehensive School and the town of Maesteg with a new urban context and help sustain the local community. The construction phase of the development will provide approximately 70 temporary jobs and the site's location, close to the town centre will encourage additional

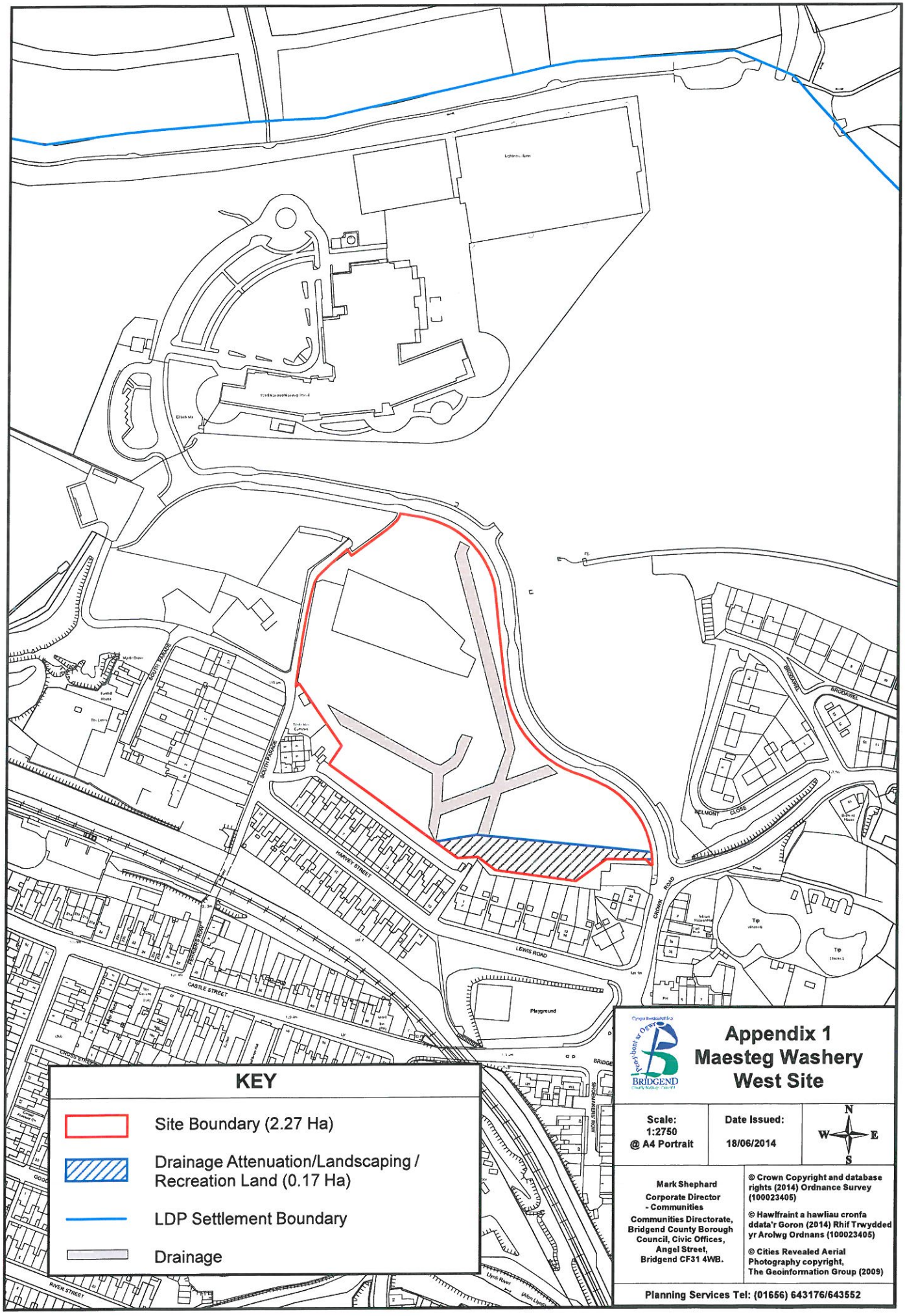
footfall and increase expenditure locally to help sustain commercial premises. The development will also deliver 15% affordable housing in accordance with LDP Policy.

Risks

6.2 Many of the risks have already been identified as part of the detailed desk top exercise undertaken by the Council's engineers as explained in **Appendix 3** and reflected in the variation of costs of the 'low' and 'high' cost scenarios.

6.3 It should be noted however that all of the land is within Council ownership and on this basis risks to the delivery would be minimal.

6.4 In terms of a risk to the delivery of housing and the site's attraction to the market, it should be noted that the volume builders as evidenced in Persimmon Homes' open letter to all South Wales Chief Executives identified the Llynfi Valley as an area which **is** potentially viable. There was also recognised to be significant latent demand for new housing within the Llynfi Valley providing a wider choice of house type to traditional terraced property. In the case of delivery of housing here, there is also positive market sentiment for part of the site to come forward as **self-build plots**, which could compliment the delivery of potential sites elsewhere within the locality.



KEY

- Site Boundary (2.27 Ha)
- Drainage Attenuation/Landscaping / Recreation Land (0.17 Ha)
- LDP Settlement Boundary
- Drainage

Appendix 1
Maesteg Washery West Site

Scale:	Date Issued:	
1:2750 @ A4 Portrait	18/06/2014	N W E S

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Appendix 2
Maesteg Washery West Site

Scale: 1:6000 @ A4 Portrait	Date Issued: 18/06/2014	N W E S

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FINAL DRAFT REPORT

Former Maesteg Lower Comprehensive School Playing Field, and associated Land Bridgend Road, Maesteg

1. Introduction

1.1 This report examines the feasibility of developing Council owned land formerly used as the Maesteg Lower Comprehensive School playing field and adjacent land in private ownership, for residential development.

1.2 The purpose of the report is to support a business case and application to Welsh Government for Land Reclamation Grant funding to acquire the land in private ownership and to comprehensively reclaim the whole site, in order to facilitate the delivery of new market and affordable housing in Maesteg.

1.3 The report examines the site context and planning policy considerations together with identifying some of the key constraints and opportunities presented by the site as a whole. This is followed by an assessment of whether the site would come forward independently without any public sector intervention and how potential risks could be managed.

1.4 The report is structured as follows:-

- Section 2 – provides an overview of the site, its location and key characteristics.
- Section 3 – summarises the development planning policy context /history of the site and how the development fits with the wider recently commissioned Llynfi Valley Underutilised Assets Study.
- Section 4 – outlines some of the key technical issues associated with the site, including highway issues and potential access arrangements.
- Section 5 – sets out the land-use development parameters for the site.
- Section 6 – provides the rationale for public sector intervention, in the form of a development appraisal, as well as identifying the potential for wider regenerative benefits of the development and potential risks.

2. Site Details

Site Extent and Location

2.1 The site is situated in a prominent location fronting Bridgend Road, Maesteg less than half a mile south and within walking distance of Maesteg town centre. Bridgend and junction 36 of the M4 are approximately 8 miles to the south.

2.2 The site extends to 3.56 ac in total, and is made up of 2 distinct and separate parcels of land. A site plan is attached at **Appendix 1**, which defines the boundary of the site and its 2 component parts A and B.

2.3 Land Parcels A measuring 2.71ac in extent comprises of the playing field associated with the former Maesteg Lower Comprehensive School and is in Council ownership.

2.4 Land Parcel B is in 2 different private ownerships which have their own access to Bridgend Road and measures 0.85 ac in extent. One of these owners currently has the site for sale.

2.5 The original school buildings themselves are located to the south of the playing fields and were demolished approximately 3 years ago as part of the Council's School Modernisation Programme. A new replacement comprehensive school opened in 2008, serving Maesteg and the Llynfi Valley is located in close proximity, north-east of the site at the former Maesteg Washery site.

Site Characteristics

2.6 The site is located within a predominantly residential area and has a frontage immediately adjacent Bridgend Road. It's northern boundary is adjacent to a vacant, highly vegetated area of land off Crown Road. This area of land is currently allocated in the adopted Bridgend Local Development Plan (LDP) for future residential purposes (Policy COM1(19) refers). **Appendix 2** – an aerial photograph provides an overview of the characteristics of the site and its surroundings.

2.7 Parcel A, the former playing fields is largely flat open grassland set above the adjacent road. The site slopes steeply upwards to the rear and a number of trees form an attractive backdrop.

2.8 Parcel B is currently accessed off Bridgend Road and is in 2 separate land holdings. The larger part of this area comprises of Glanllynfi House which is currently vacant and in a dilapidated state. The building was originally constructed as a dwelling, but it has more recently been used as a restaurant and bar.

2.9 The remaining area of land in Land Parcel B is also in private ownership and located to the north of Glanllynfi House. The area is currently highly vegetated and currently enjoys a right of access via Glanllynfi House to Bridgend Road. Both private land holdings are elevated above Bridgend Road and in turn are accessed off a further private access serving the adjacent Squash Club. This private road and the Squash Club land holding defines the south-easterly boundary of the site. A number of trees subject to a TPO also exist within Land Parcel B.

3. Planning Policy and Under-Utilised Asset Study Context

Planning Policy Context

3.1 The adopted LDP is founded on a regeneration-led spatial strategy, which aims to promote sustainable development, especially associated with the regeneration of brownfield sites within the urban area. Maesteg and the Llynfi valley is identified as a Strategic Regeneration Growth Area (SRGA), which complements the identification of Maesteg as a key hub settlement in the Wales Spatial Plan. In this context Maesteg should function as a focus for development benefiting its surrounding valley communities including stimulating housing to secure a sustainable level of growth. It is acknowledged in the LDP that development here should be supported by levering 'Western Valleys Strategic Regeneration Area' and other public sector funding for specific projects, and that the Council as a significant land owner will need to work in partnership with others, including the private and other public sector bodies.

3.2 The site is located within the LDP's Maesteg and the Llynfi Valley SRGA but not allocated for any specific purpose, representing 'white' land within the urban area. The former UDP however allocated the land in Council ownership – Parcel A for residential development. This former allocation was reviewed as part of the LDP preparation process and a decision was made by the Council's Education Directorate at that time to delete the residential allocation and retain a 'split' site for a future primary school. This was expressed in the 'deposit' LDP as a specific educational land-use designation. However through the LDP's examination process, given the fact that the likely implementation date of any future new primary school would be later than the LDP's plan period end date of 2021, the Council made the decision, supported by the Inspector's final recommendations, to delete this specific allocation. The expectation now is that the site of the former school building to the south will come forward as a future replacement primary school as part of a latter phase of the Council's School Modernisation Programme (post 2021).

3.3 Land is therefore being retained separately from this site for educational purposes. The former school buildings site measuring approximately 1.52ha / 3.75 acs in extent is seen as sufficient size to accommodate a 2 form only school within the relevant catchment. As such, the former playing field can now be released for residential development purposes.

3.4 In development planning terms there would be no objection in principle to this site (Land Parcels A and B) coming forward as a windfall residential development, provided that it satisfied detailed planning policies set out in the adopted LDP.

Relationship with the Under-utilised Assets Study

3.5 The site was also considered as part of a recent study funded by Welsh Government and undertaken by DTZ that looked at Under-utilised Assets in the Llynfi Valley, and is identified by the study as a Priority 1 Strategic Opportunity, as part of a wider area for development, including Crown Road (in private ownership) immediately north of land parcel A and Bryneithin Care Home (in Council ownership and due to be closed) also off Crown Road. This opportunity area is recommended for investigation as a residential-led development, with scope for delivery in the short/medium term.

3.6 This opportunity area also lies in close proximity to the former Maesteg Washery Site – which is similarly identified in the study as part of a much wider Priority 1 opportunity area. **Appendix 2** indicates the relative locations of the various opportunity sites within the locality.

3.7. In terms of the Asset Study, the delivery of this site has been identified as having the potential of playing a lead role in driving other regeneration sites forward. There is an expectation that the delivery of this site for residential development will assist the delivery of other regeneration priorities by recycling any capital receipts.

3.8 What is required to drive further regeneration initiatives in the Llynfi Valley is for this site to come forward **early** and act as a catalyst for a rolling programme of regeneration interventions, led by the Council, which has the potential to eventually become self sustaining.

4. Technical Considerations

Ecological Issues

4.1 At this stage a full ecological assessment of the site has not been undertaken, however given the presence a vacant building and trees within and in the vicinity of the site, there would likely be a risk of disturbance to bats and breeding birds. These and other potential matters would need to be addressed before any potential demolition of buildings took place and/ or as part of any planning application process. Part of the Land Parcel B is the subject of a TPO (see Appendix 1) designated primarily on visual amenity grounds, although there may also be ecological value. It should also be noted that part of Land Parcel B and the neighbouring woodland includes invasive species and this should be mitigated for under a method statement when the site is cleared.

Ground Conditions

4.2 Part of Land Parcel B is the subject of a Coal Authority Planning Referral Area, and a mining risk assessment would be required to support any future planning application.

4.3 It is anticipated that Land Parcel A, (the former playing fields) represents a relatively undisturbed greenfield site. Originally the garden of the adjacent Glanllynfi House, this land is unlikely to be the subject of contamination related to any former buildings. Land remediation is therefore likely to be less intensive for this part of the site.

4.4 However, given the nature of the area and potential risk associated with mining activity, early site investigations should be commissioned for the site. In addition given the difference in levels across the site, an early topographical survey is also advised. The level differences across the whole site indicate that comprehensive remediation would be required to facilitate development, rather than a piecemeal approach.

Water and Drainage

4.5 Informal consultations with the Council's engineers indicate that connection to foul drainage is likely to be unproblematic, although this needs to be verified by Welsh Water. Development of Land Parcel A may present a problem in terms of surface water drainage, depending on the site's levels. There is therefore a need to commission an early topographical survey and assess drainage options. It is noted however that the site is close to the river Llynfi, but does not form part of the flood plain.

4.6 In terms of other services, access to water, gas and electricity is available, subject to local network capacities, which will need to be checked with the individual service providers. It should be noted that an electricity sub station exists in the north-western most corner of

Land Parcel A, and further investigation is required to ascertain whether this should be retained or relocated.

Highway and Access Considerations

4.7 There is currently no existing vehicular access to Land Parcel A. As previously stated Land Parcel B is currently accessed off Bridgend Road via a separate private access (to the Squash Club) that does not form part of the site. The preference expressed by the Council's highway engineers is for a single access point, centrally located within the site, to serve any future residential development associated with Land Parcels A and B. This would have the benefit of reducing the potential traffic that currently use the private access to the Squash Club. Potential traffic generation associated with Land Parcel B would therefore be 'redirected' and served off a better configured and safer new access point central to the site.

4.8 Because of the sensitivity of the road network in the vicinity of the site a Traffic Assessment (TA) would be required, which would need to examine junctions within the vicinity of the site, including the phasing of nearby traffic light controlled junctions. The type and scale of the junction off Bridgend Road to service the site would be determined by the outcome of the TA.

4.9 The site is located within a highly accessible location, with easy access to public transport facilities. Bus stops are located immediately adjacent to the former playing fields, Land Parcel A on Bridgend Road at the junction of Cwmdu Street. Ewenny Road and Maesteg train stations are located approximately 250m and 600m to the south and north respectively.

5. Development Parameters

5.1 The site at 3.56 acres / 1.44 has could potentially accommodate **50** dwellings (based on a density of 35 dwellings per hectare as prescribed in Policy **COM4** of the LDP). Alternatively, an element of the site could deliver a higher density extra-care housing facility (of which there is an identified need in the area) and general housing, estimated at 50 extra care units (on 2.0 acres and) 22 general units on the remaining 1.56ac of the site, providing **72** in total.

6. Rationale for Public Sector Intervention

6.1 This section provides a rationale for public sector intervention by looking at the input costs to ready the site and the resulting potential commercial outputs by means of a broad brush development appraisal. It also considers the medium and longer term regenerative benefits of the development for Maesteg and the Llynfi Valley and potential risks to delivery.

Development Appraisal

6.2 The development of the entire 3.56 ac for residential development is dependent on the acquisition of Land Parcel B and the comprehensive remediation of the whole site. Although it is recognised that acquisition of Land Parcel B is not essential for a significant number of residential units to come forward, it is desirable as it's inclusion will deliver a larger development site and will remove a derelict and underused site which is blighting the urban area.

6.3 Costs associated with the acquisition and removal of constraints to ready the site for future development, including bringing forward such a significant housing opportunity is set out in the table below. It sets out separately those costs which are essential rather than desirable. This is set against the likely commercial value that could be achieved for the site as a result of these publically funded inputs.

Input	**Notes**	**Costs (Essential)**	**Costs (Desirable)**
Site Acquisition			
Glan Llynfi House (0.614 ac)	For Sale (Vacant Possession)		£150,000
Land to rear of Glanllynfi House (0.24 ac)	Vacant Land		£50,000
Demolition			
Glan Llynfi House	Land Parcel B		£50,000
Land Reclamation / Remodelling			
	2.71 ac at £80,000 / ac (for Land Parcel A))	£216,000	
	0.85 ac at £80,000 / ac for Land Parcel B		£68,000
Enabling Works			
Roads Drainage / Attenuation measures	200m at £600 per m - to release Land Parcels A & B For immediate residential development	£120,000 £80,000	
TOTAL INPUT COSTS		**£416,000**	**£318,000**

6.4 The total input costs to deliver Land Parcels A and B is therefore **£734,000**. The likely commercial land value of the site, as a result of these inputs is based on an estimated residential net land value in Maesteg of **£200,000** per acre which is realistic for the area, given that land values and returns in this valley community are considered to be very marginal in the current economic climate.

6.5 The 'output' value of the site is therefore **£712,000**, only marginally less than the input values. If just the 'essential' part of the scheme were to go ahead then the output value

would be £542,000 compared to an input cost of £416,000, which demonstrates a potential profit.

Output Value **£200,000 x 3.56ac = £712,000**

This compares to a current base valuation for parcels A & B by the Council for this land (without the benefit of planning consent, remediation and access) of only £50,000 per ac.

6.6 This above broad assessment illustrates that the end commercial value (not taking account of the other direct benefits of bringing the site forward) is only marginally less than the required input costs. It would therefore be unattractive to the private sector and not be delivered without public sector intervention. The values are at a level that demonstrate there is also the prospect of possible return to the public purse and this could assist in regeneration intervention elsewhere.

6.7 The acquisition and remediation of the site will deliver to the local housing market a short term boost and accelerate the delivery of 50 new homes (or potentially 72 residential units if an extra-care facility is included). In addition, at least 15% of the output would be for affordable housing (as required by Policy COM 5 of the LDP) delivered within 5 years.

Wider Regeneration Benefits

6.8 There is also a wider cost benefit analysis to be made of the values of the scheme, compared to a situation where there is no public intervention. These benefits relate to the potential additional leverage that the scheme could generate if output values exceed expectations in terms of match funding and the value of the development to the local economy. It is estimated that the 50 dwellings (or 72 residential units if an extra-care facility is included) could generate in the developments' construction phase 50 – 60 full time equivalent jobs. In addition an extra-care facility of 50 units would directly provide 20-30 permanent jobs within the locality. Furthermore, the location of the development, in close proximity to Maesteg town centre will generate additional footfall and local expenditure.

Managing Potential Risks

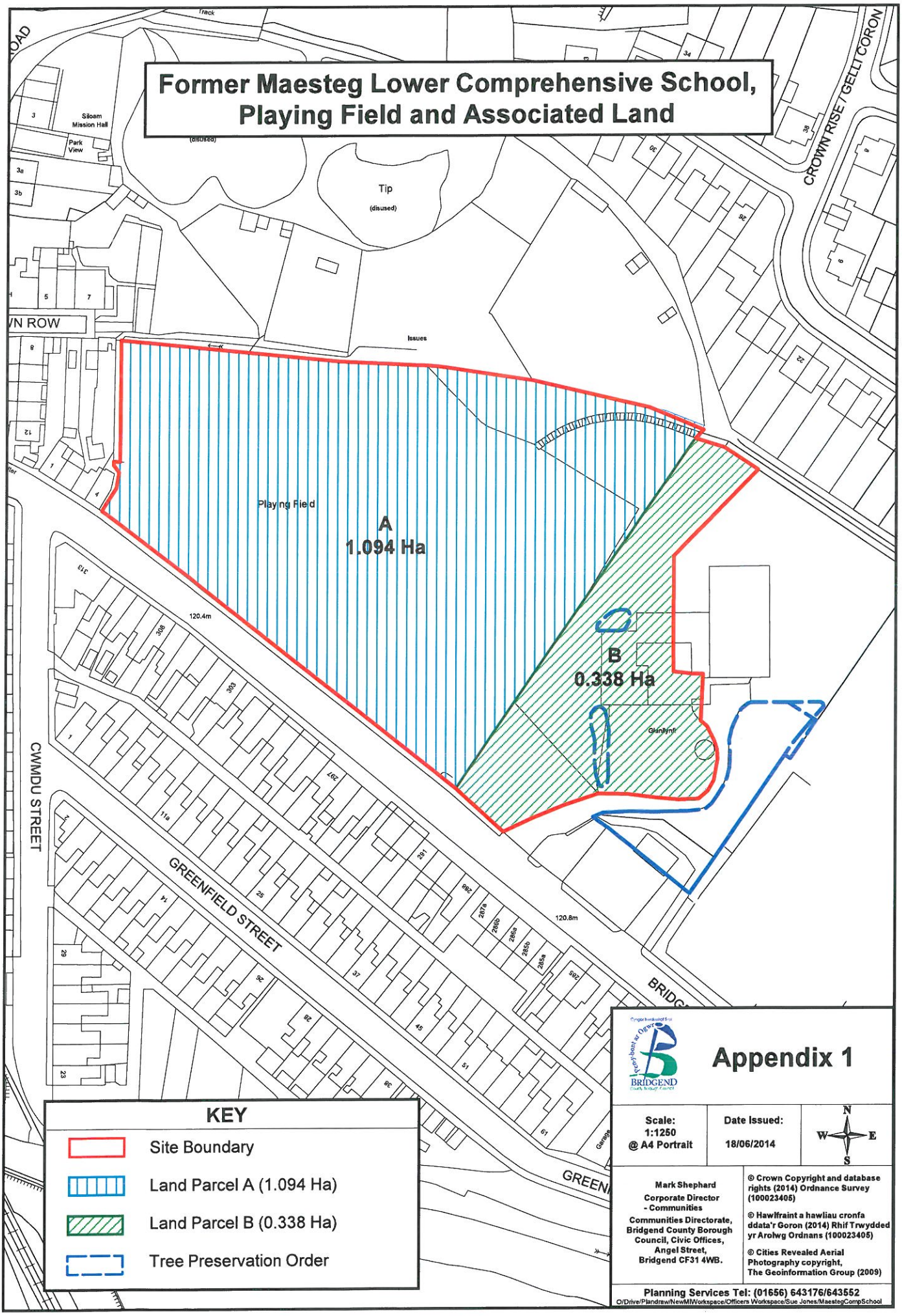
6.9 In the event that there are unwilling sellers for Land Parcel B there is still the prospect of delivering up to 40 dwellings (or 60 residential units if an extra-care facility is persued) on Land Parcel A which is in Council ownership.

6.10 In order to deliver the maximum scheme of Land Parcels A and B, it would be advisable for the Council to seek development options and acquisition of Land Parcel B with the 2 landowners as soon as possible. This larger scheme would represent an optimal scenario as it would deliver more housing and reduce dereliction in what is a prominent site.

6.11 Any risk to the delivery of housing in terms of whether the remediated site would be attractive to the house building industry are also minimal. It should be noted that the volume house builders as evidenced in Persimmon Homes open letter to all South East Wales Chief Exectives identified the Llynfi Valley as an area which **is** potentially economically viable.

6.12 This contrasts to many other valley communities in South East Wales where development is unviable . At least 2 volume builders have already expressed an interest to the Council's Development Surveyor for developing sites in Maesteg; there is also considered to be significant latent demand for new housing within the Llynfi Valley providing a wider choice

of house type to traditional terraced properties, which currently predominate. This also includes interest for self-build housing plots. This positive market sentiment is confirmed in the recent Asset Study undertaken by DTZ which notes that subject to location and competition from other sites in the locality there is interest from some volume builders for clean plots of land in Maesteg of between 3-6 acres in extent.


Former Maesteg Lower Comprehensive School, Playing Field and Associated Land
Track
Siloam Mission Hall
Park View
(disused)
Tip
(disused)
CROWN RISE / GELLI CORON
Issues
Playing Field
A
1.094 Ha
B
0.338 Ha
Glanllynn
120.4m
120.8m
CWMDU STREET
GREENFIELD STREET
KEY
Site Boundary
Land Parcel A (1.094 Ha)
Land Parcel B (0.338 Ha)
Tree Preservation Order
Appendix 1
Scale: 1:1250 @ A4 Portrait
Date Issued: 18/06/2014
N
W
E
S
Mark Shephard
Corporate Director - Communities
Communities Directorate, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend CF31 4WB.
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O/Drive/Plandraw/NewMIWorkspace/Officers Workspace/Sue Jones/MaestegCompSchool

Former Maesteg Lower Comprehensive School, Playing Field and Associated Land



Appendix 2

Scale: 1:3000 @ A4 Portrait	Date Issued: 18/06/2014	N W E S

Mark Shephard
Corporate Director - Communities
Communities Directorate, Bridgend County Borough Council, Civic Offices, Angel Street, Bridgend CF31 4WB.

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APPENDIX 3
Conceptual Masterplan



Date: 04/11/2013 Map generated by: AQ

Mark Shephard
Corporate Director Communities

Communities Directorate
Bridgend County Borough Council,
Civic Offices
Angel Street
Bridgend
CF31 4WB

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Scale 1:1,250 @ A3

Schedule 4 – Potential Outputs and Outcomes

Maesteg Lower Comprehensive School and associated land

Parcel A (as shown outlined red in the plan for this Initial Site in Schedule 2 and marked A) – Site Area 1.1Ha

- Site investigation work
- Prepare site for development, market and transfer ownership for the purpose of the construction of a potential 38 residential units (based on average density of 35 dwellings per Ha).

Parcel B (as shown outlined red in the plan for this Initial Site in Schedule 2 and marked B) - Site Area 0.83Ha

- Site investigation work
- Acquire and prepare site for development, market and transfer ownership for the purpose of the construction of a potential 29 residential units (based on average density of 35 dwellings per Ha).

Washery Sites

Former Maesteg Washery - West Site – Site Area 2.27Ha (Potential net developable area 1.89Ha)

- Site investigation work
- Prepare site for development, market and transfer ownership for the purpose of the construction of a potential 66 residential units (based on average density of 35 dwellings per Ha).

Former Maesteg Washery - East Site – Site Area 1.21Ha (Potential net developable area 0.92Ha)

- Site investigation work
- Prepare site for development, market and transfer ownership for the purpose of the construction of a potential 32 residential units (based on average density of 35 dwellings per Ha).

EXECUTED as a **DEED** by applying the seal of the Welsh Ministers

The application of the seal of the Welsh Ministers is AUTHENTICATED by

who is duly authorised for that purpose by the Director of legal Services by authority of the Welsh Ministers under section 90(2) of the Government of Wales Act 2006

The common seal of Bridgend County Borough Council was hereunto affixed in the presence of

Name: RICHARD YOUNG

Title: DEPUTY MAYOR.

Name: ANDREW JOLLEY

Title ASSISTANT CHIEF EXECUTIVE LEGAL & REGULATORY SERVICES.