

The following comments are recorded for consideration by the petitions committee at their forthcoming meeting as an update on recent events.



Jon Avent

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It is now several years since our Petition was submitted. This seems sufficient time to gain an answer to the request made in the petition; namely a public enquiry into the actions of Cardiff Council. The lack of transparency by Cardiff Council under the leadership of Cllr P Bale has been formally documented in the attached letter dated 8<sup>th</sup> July 2016 from the council Economy and Culture Scrutiny Committee.

Quotes from the letter:-

***'.....lessons to be learnt by the Council from its dealings with the Coal Exchange, particularly in relation to transparency and engagement with interested parties.'***

***'....we are concerned that the Council got to a position where it was willing to call into question the decisions made by the independent body set up to promote openness within public bodies and uphold information rights of the public.'***

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Also attached to this paper is a transcript of the debate held in Westminster on 20 April 2016 and led by Cardiff MP Stephen Doughty:-

Quotes from his submission:-

***'I have some concerns about Cardiff Council's involvement, which are focused on the officers of the council.'***

***'.....sadly, our hopes and optimism for a collaborative and transparent process seem to have been misplaced and I am sorry to say that over the last six months we have seen some deeply untransparent manoeuvres by a small group of council officers to cut a backroom deal, first with a Liverpool company, Harcourt Developments, and then with another Liverpool company, Signature Living.'***

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The progression of physical works at the Coal Exchange by **Signature Living** is superficially and broadly welcome, and most likely (but far from conclusive) a preferred alternative to allowing the building to decay.

It is however essential that such apparent '*progression*' does not cloud the issues that have surrounded the Coal Exchange, and most importantly the actions and methods adopted (and still being adopted) by **Cardiff Council**.

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It would be reasonable to question the past and ongoing lack of transparency in the dealings surrounding the Coal Exchange on a range of levels.

The involvement of Cardiff Council has been noted in the past and surfaces again with the appearance of **Signature Living** as the 'chosen developer', with no apparent open or public scrutiny. Where was the public procurement process for such high value works ???

It would appear that links exist between Cardiff Council, Signature Living and a company 'Maritime Heritage Trading Limited' that predate the recent engagement of Signature Living on the Coal Exchange project.

The full activities and trading objectives of **Maritime Heritage Trading Limited** and the apparently associated **Maritime Heritage Trust** and **Cardiff Council** are unclear, but the associations can be established with a brief 'search'. On the face of it there would appear to be a potential for conflict of interest, and this should be explored in a public enquiry so that true transparency can be achieved, and not simply talked about.

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Signature Living  
 A sponsor of the event led by Maritime Heritage Trust and promoted by Cardiff Council

This petition sought a public enquiry into events surrounding the Coal Exchange and particularly the actions of Cardiff Council and their use of Building Act Section 78 powers. The expenditure of local rate payers money remains a significant concern together with the historical neglect of the building that contributed significantly to its decay.

The latest 'loan' (believed to be around £3m) that has been provided by Cardiff Council to the developer, and the background to this, is of interest and the decision process that led to the selection of **Signature Living** as 'preferred developer'. Accountability of those persons at Cardiff Council (Cllr Phil Bale, and others) and the decisions they have made and funds they have expended on behalf of the electorate is considered essential. This is particularly relevant where persons involved have historical links outside of direct council activities.

It is believed that this should occur in an open and transparent manner in contrast to the veil of secrecy that has surrounded the vast majority of dealings to date.

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It is considered essential that the Petition does not lose sight of this objective and the petition should now seek to achieve the public scrutiny that is clearly justified.

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Fy Nghyf / My Ref: NRS/RM/PB/09.06.16

Dyddiad / Date: 8 July 2016



Councillor Phil Bale  
Leader, City of Cardiff Council  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW

Dear Councillor Bale

## **ECONOMY AND CULTURE SCRUTINY COMMITTEE – 19 JUNE 2016**

### **Coal Exchange**

Thank you for attending the May meeting of the Economy and Culture Scrutiny Committee, where the meeting focussed on Cardiff Coal Exchange. I will be grateful if you could also pass on the thanks of the Committee to Paul Orders, Neil Hanratty and the officers supporting them for their presentations and for addressing the questions that arose during the meeting. The Committee had a few comments and observations following the meeting, which are set out below.

Members of this Committee would like to formally recognise our appreciation for what has been achieved by Save the Coal Exchange and Coal Exchange Ltd, and the service they have done for the city of Cardiff in the care and attention given to this historic building. Their passion for the building, in making repairs, addressing water ingress and making sections of the West Wing fit for use, has no doubt contributed to the preservation of the Coal Exchange. We sincerely hope that the proposals put forward by Signature Living to restore the building to its former glory, maintaining many of the historic features, are a satisfactory result for all the individuals involved in these organisations.

Members of the Committee recognise that relationships between the Council and organisations involved at the Coal Exchange have been tested at times over recent years, as can be expected when passions run high for an important building like the Coal Exchange. Members felt that positive working relationships between the Council and groups like Save the Coal Exchange and Coal Exchange Ltd are critical to the building's future success, and that any past tensions can be subsumed as all parties look to collectively support the developments being driven forward by Signature Living.

In considering the evidence presented by the various stakeholders at the meeting, it is clear to Members of the Committee that there are lessons to be learnt by the Council from its dealings with the Coal Exchange, particularly in relation to transparency and engagement with interested parties. We feel that some of the tensions that have existed over the past few years could have been eased if the Council had been more open about its plans and kept stakeholders more informed, rather than creating a perception of secrecy about the developments. We are encouraged to hear that dialogue has become more frequent and open since Signature Living has taken the lead on development plans for the Coal Exchange. This historic lack of communication was recognised at the meeting and Members were pleased that assurances were provided of close and positive engagement going forward – we are confident that you will act as champion that these assurances are delivered on.

The Committee recognises that we have no constitutional remit to test or challenge the merit of regulatory decisions made, such as the use of Section 78 at the Coal Exchange as was mentioned by several external stakeholders. We do, however, hope that lessons have been learnt by the organisation in this respect, and cannot escape the feeling that, as mentioned above, greater transparency and communication could have helped mitigate any discontent created.

Members of the Committee were disappointed to be informed that the Council challenged a decision made by the Information Commissioner with regard to the release of documentation through a Freedom of Information request. While we understand the reasons given by officers for the challenge of this decision, namely the risk of challenge from developers and owners of the Coal Exchange for prejudicing the ongoing discussions, we are concerned that the Council got to a position where it was willing to call into question the decisions made by the independent body set up to promote openness within public bodies and uphold information rights of the public.

During the meeting Members heard concerns from stakeholders that documents such as a Community Engagement Plan and Conservation Management Plan have not yet been made available. We recognise that these are important documents that need to be produced for projects such as the this one, and welcomed the assurances that a Memorandum of Understanding is in place, which is a legally binding document and sets out the Council's expectations, including the development of these documents as the project progresses through various Planning stages.

The Committee is mindful that the Coal Exchange currently has a number of tenants using the office space in the West Wing of the building. Clearly these organisations will need to relocate prior to building work commencing to transform the building into an operational hotel. Members were pleased to be informed that both the Council and Signature Living will be working with these organisations to minimise the impact they experience and relocate them to suitable alternative office facilities.

A number of participants at the meeting stated that the redevelopment of the Coal Exchange could unlock the wider regeneration of a number of historic buildings located within the Mount Stuart Square Conservation Area. Members of this Committee hope this is indeed the case, and will look to monitor the Council's proposed role in delivering this through plans for the Mount Stuart Square Heritage Quarter and the Cardiff Bay Master Plan. Please could you ensure officers make arrangements for these items to be considered at an appropriate future meeting of the Committee?

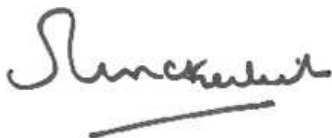
During the meeting it was suggested that in recent weeks the Council had provided a loan to Signature Living to support this development. We welcome and note the clarifications given at the meeting that this was not in fact the case, but was rather a deferment of payment to the Council in relation to sums due for the works carried out in making the building and public areas safe.

A small note Members wish to make is with regard to Licensing. Historically a number of bars in this area of Cardiff, such as The Point, have had issues obtaining licenses to serve alcohol and operate late opening hours – we trust that the Council will work with Signature Living to ensure that such issues do not prevent or hinder the success of the Coal Exchange Hotel.

Like many of the stakeholders we heard from at this meeting, Members of the Committee are truly encouraged by the plans being proposed by Signature Living to transform the Coal Exchange into a hotel that captures and preserves the history of this building for future generations. We hope that Lawrence Kenwright and his team can deliver the vision that has been set out for this building, and look forward with optimism to the progression of this development.

I will be grateful if you would consider the above comments, observations and recommendations, and look forward to receiving your feedback.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath it.

**Councillor Rod McKerlich**  
**Chairperson, Economy and Culture Scrutiny Committee**

cc Paul Orders – Chief Executive  
Neil Hanratty – Director of Economic Development  
Geoff Shimmel – Operational Manager, Legal Services  
John Worrall – Operational Manager, Major Projects  
Richard Cole – Senior Planning Officer  
Lawrence Kenwright - Signature Living  
Cabinet Support Office  
Members of the Economy and Culture Scrutiny Committee.  
Ian Hill – Save the Coal Exchange  
Mike Johnson – Coal Exchange Ltd  
Nerys Lloyd Pierce – Cardiff Civic Society  
Jon Avent – Mann Williams  
David Leathley  
Hilary Roberts



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2. Westminster Hall

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## Cardiff Coal Exchange

20 April 2016

11.00 am

- [\*\*Stephen Doughty \(Cardiff South and Penarth\)\*\*](#)  
[\*\*\(Lab/Co-op\)\*\*](#)

I beg to move,

That this House has considered the future of the Cardiff Coal Exchange.

It is a pleasure to serve under your chairmanship, Mr Howarth. I welcome the new Wales Office Minister to his post. We have both served on the Welsh Affairs Committee and I was pleased to hear that he would respond to this debate.

The subject of the recent ownership and the future of the Cardiff Coal Exchange is extremely complex. It cuts across devolved and reserved matters and the responsibilities of several UK Departments, including the Wales Office, and the Welsh Government. Let me make it clear at the outset that I do not expect the Minister to have all the answers today, but I hope he will listen carefully to my concerns. I am interested in his views on them and ask him to make representations to the Departments involved and the incoming Welsh Government, and to take a personal interest in the future of what is arguably one of the most important buildings of the Welsh national heritage and indeed our industrial heritage from the 19th and 20th centuries.

I do not want to detain the House too long on the remarkable history, architectural merits and the importance of the coal exchange to Cardiff and the Butetown community, as I want to focus on current matters, but I would be remiss not to remind the Chamber of some crucial issues.

Cardiff became the largest coal port in the world at the end of the 19th century and the coal exchange was constructed in the 1880s by Edwin Seward as a base from which to conduct trade negotiations regarding the coal mines of the south Wales valleys, with Cardiff being the key coal port in the world at the time. Following its opening, ship

owners, their agents and many others interested in the coal trade met daily on the floor of the remarkable trading hall, where agreements were made by word of mouth and telephone. It has been estimated that 10,000 people would pass in and out of the building each day. At one time, the price of the world's coal was determined in the Cardiff Coal Exchange in Butetown. It is famously claimed that the first £1 million business deal took place and the first £1 million cheque was signed at the coal exchange during a transaction in 1901.

With the decline of the coal industry and of the export of coal from Cardiff and the Bute docks during the 20th century, the coal exchange eventually closed in 1958 and coal exports from Cardiff dock came to an end in the 1960s.

- **[Jonathan Edwards \(Carmarthen East and Dinefwr\) \(PC\)](#)**

I congratulate the hon. Gentleman on securing this debate and on his extensive work on the issue. He mentioned the proud history of the building, which is iconic for Wales. Does he agree that the Labour council that currently runs Cardiff should consider all those matters?

- **[Stephen Doughty](#)**

I have some concerns about Cardiff Council's involvement, which are focused on the officers of the council, and I will make that clear.

The building became grade II\* listed in 1975 and there were discussions about the use of the building, which is so important that it was considered as the future home of the proposed Welsh Assembly during the devolution referendum in the 1970s. It was also considered as the headquarters for S4C, the Welsh language television channel. Eventually, it was refurbished and reopened as a major venue hosting acts such as the Manic Street Preachers, Ocean Colour Scene and the Stereophonics. There has been support from across the music and entertainment spectrum and people who have enjoyed gigs and events there. I see my hon. Friend the Member for Cardiff West (Kevin Brennan) here and I know he has been there for many gigs, as has my hon. Member for Cardiff Central (Jo Stevens), as have I. There was even support recently from Sir Tom Jones, no less.

However, the coal exchange closed indefinitely in August 2013 as a result of claimed building safety issues and the imposition of prohibition orders by Cardiff Council, which were themselves a matter of controversy. There has been an issue about the council's regulatory functions potentially being used unsympathetically to frustrate access to the building over a number of years. We then saw the liquidation of Macob, the company that owned the exchange, and in 2014, ownership of the coal exchange was disclaimed by the liquidators and passed to the Crown Estate. That was an unusual legal situation and led to a great deal of uncertainty.

At that point, I became aware of a lot of local concern about the future of the building. My office is nearby in Mount Stuart Square in one of the other historic buildings of

Cardiff Bay. The coal exchange is a building I have long felt a great attachment and passion for. Many people in the community came forward and, with the opportunity presented by its being disclaimed to the Crown Estate, I decided to make a public call for all the parties interested in its future to come together for the benefit of the community and to save the building.

I was contacted by many hundreds of people: existing tenants, experts, former workers in the building and people from the diverse Butetown community and those associated with the building in the past, as well as an extensive number of interested developers. We held a first major public meeting in Butetown in October 2014, which was followed by a smaller working group coming together to form what was to become the Save The Coal Exchange Campaign at the end of the same month. It was clear there was a significant appetite for a collaborative effort involving all those who cared about the building to find a solution.

A number of formal claims persisted against the building from Cardiff Council, Julian Hodge bank, Barclays bank and Coal Exchange Ltd, the company that had previously hosted events at the venue and had effectively been forced out of it by the council-imposed prohibitions, but there was great optimism that a solution involving the local community, the council, the Welsh Government, Cadw, the Heritage Lottery Fund, the Victorian Society and others who had expressed an interest, as well as a private developer or investment of private funds, might result in a solution that would not only save this remarkable piece of heritage, but find a use or uses that could meet multiple needs, retain community access to it and generate revenue to secure its future. In the months following, there was much progress.

Over the past 18 months, the Save The Coal Exchange Campaign has secured parts of the habitable building, ensuring bills were paid for utilities, attracting a significant number of new tenants, ranging from lawyers to creatives and community organisations and, crucially, challenging the false perception that has repeatedly arisen that the entire building is derelict and at immediate risk of falling down. Parts of it are in a difficult state, but other parts are entirely functional and the public debate has at times been extremely misleading.

Surveys were undertaken and approaches made to prospective partners. The Save The Coal Exchange Campaign secured a grant of £10,000 from the Heritage Lottery Fund Wales with a view to a larger application. I commend the campaign for doing a remarkable job in keeping the building going and keeping open the options for its future. At the same time, the Welsh Government commissioned their own survey and studies, and a series of developers expressed interest in being involved.

On no fewer than seven occasions, I met Cardiff Council officials—

- **[Craig Williams \(Cardiff North\) \(Con\)](#)**

The hon. Gentleman alluded to the Welsh Government study, which was done by Capita, and the Cardiff Council study, which was done by RVW. The costs were estimated to be in the region of £35 million to £45 million. Does he accept that that is an enormous amount of money, that the issue is not new, that the Welsh Government

have sat on their hands when it comes to helping Cardiff Council out with this problem, and that a large amount of money could fall on taxpayers?

- **Stephen Doughty**

I have concerns about the liability for taxpayers, but the Welsh Government have engaged proactively and positively. I hope that the new Government will look carefully at these issues.

As I said, on no fewer than seven occasions, I met council officials and was provided with repeated assurances of partnership. I spoke to Julian Hodge bank and Barclays bank, which assured me they would act in the interests of all those with a stake and the local community, and not sign off any deal that they did not think met those concerns. I also spoke to the Crown Estate, the Heritage Lottery Fund and many others. However, sadly, our hopes and optimism for a collaborative and transparent process seem to have been misplaced and I am sorry to say that over the last six months we have seen some deeply untransparent manoeuvres by a small group of council officers to cut a backroom deal, first with a Liverpool company, Harcourt Developments, and then with another Liverpool company, Signature Living, and its owner Lawrence Kenwright.

Despite my misgivings, I have tried at all times to maintain an open mind to various developers and proposals that have come forward. Indeed, I was happy to put them in touch with relevant parties and the Save The Coal Exchange Campaign. That includes Signature Living. I met its representatives on a number of occasions, including Lawrence Kenwright on three occasions, to listen to their plans and to ask detailed questions, not least because one of the positive aspects of its proposal was, on the face of it, to maintain the core heritage fabric. However, as time went on and more matters came to my attention, I became increasingly concerned about its suitability as a developer and the nature of its assurances, which seemed to vary at every meeting. I raised those directly with Cardiff Council and many of the other parties but I was assured that they would be fully examined again and again.

So we come to the present day. The Minister will be aware that in the last two weeks there has been a sudden announcement that a deal has been facilitated by Cardiff Council to transfer ownership of the coal exchange to Signature Living, followed by a barrage of heavy corporate PR from Mr Kenwright and subsequent controversy in the media and local community, with nearly 800 local individuals now having signed a petition criticising the deal.

Let me be clear. I am not opposed to a private developer being involved in a solution to save the coal exchange. Indeed, since day one, I have been clear about the level of finance needed. I am also perfectly happy to put my personal concerns about Mr Kenwright to one side in the interests of any deal about the building and the local community. It is easy to provide a *fait accompli* in these situations—to present oneself as the only alternative, threaten dire consequences, respond to any criticism or reasonable questions as a “slur” and warn of the jobs that might be lost. But we owe it to the building and the local community in Butetown, Cardiff and, indeed, the rest of Wales to secure the right solution for the coal exchange.

I want to detail a few specific concerns that I hope the Minister will listen to carefully. First, on the process, previous dealings with Macob and other potential developers reveal a concerning record. Freedom of information requests have revealed a complex web of negotiations over a number of years, including that the council was contemplating a development that would have seen a significant proportion of the building demolished and the building of a multi-storey block of flats. That is hardly reassuring.

There has been no tender or public process in this instance. The council was fully aware of the concerns during the process, and I do not understand why it did not go forward in a fully transparent and open way to secure the right bid. In fact, one developer came to see me to tell me of his concerns—that bid was supported by officials at the Department for Business, Innovation and Skills, at UK level—and told me that in effect he had been scared away by the council: it was not interested and he should go away.

In recent days the council appears to have exercised its right of sale to seize and transfer the building to Signature Living. How it did that is unclear and has been questioned by independent legal practitioners. That largely centres on a claim that the council has made, but never fully substantiated, of “costs” that it incurred and then attempted to formalise by pinning a notice to the building some months ago. It appears to have done a deal with other claimants to relinquish their charges.

Lawrence Kenwright has claimed in the press this week that he beat dozens of competitors. On 8 April I had an email from the council’s director of economic development, Neil Hanratty, that made the point that the

“condition of the building has been widely publicised”.

He went on to confirm that rather than dozens, only

“four parties were interviewed by a panel of officers including the Listed Building... Officer and a representative of Julian Hodge Bank.”

I find it very odd, given the UK and international interest in the building, let alone that in Wales, that the council appears to have engaged in negotiations in the past 18 months with only two companies, both of which happen to be from Liverpool. It is a shame that the council did not get together with other key stakeholders to put together a public bid process, working with all those other people who could have played a part in finding the best solution.

I also have concerns that this matter has not received the proper democratic scrutiny. It does not appear to have gone to the cabinet or the leader of the council, or, to my knowledge, to the council’s economic development committee.

I want to turn now to Mr Kenwright’s financial background. I am afraid that Mr Kenwright has been less than transparent about his financial history, and I think it is in the public interest to raise these matters so that others can draw their own conclusions. Mr Kenwright did not proactively disclose these to Cardiff Council or to anybody else who met him. Indeed, the council claimed that it was unaware of them

when I raised them with it. He has blamed his past difficulties on the credit crunch and said that they have made him “a better businessman”. He has attempted to downplay them in the Welsh press this week. He told WalesOnline:

“I had an apartment block in Liverpool which went over budget. I was one of the first ones to go bust. The only difference between liquidation and bankruptcy is giving the personal guarantee.”

However, Mr Kenwright confirmed to me personally in a meeting in the House on 9 March that he was made bankrupt as recently as 2010, in Liverpool Crown court on 22 June in that year. The credit crunch of course started in 2008. And, crucially, he was a director, as reported in the north Wales Daily Post on 28 April 2004, of a clothing company called Yes & Co. Distribution Ltd, which in 2002 went into liquidation, with an estimated £1.9 million owing to creditors. The newspaper reported at the time that a Patricia Kenwright—believed to be his former wife—was disqualified from being a director for four years and that her husband Lawrence Kenwright accepted a similar undertaking for eight years, and a Frederick Greenwood for five years. That of course suggests that Mr Kenwright could have been disqualified until as recently as 2012, although admittedly that is not clear.

It is not clear why the directors were disqualified, but the newspaper reported that Mrs Kenwright

“allowed the company to fail to deal properly with its taxation affairs.”

For the record, the Insolvency Service lists a range of reasons for being disqualified. Of course, there could have been another Lawrence Kenwright, so I wanted to ask him directly, and he confirmed that he was a former director of Yes & Co. and that he had indeed been disqualified. It is interesting to note that until recently he was not even listed as a director of the company that he set up to facilitate the purchase of the coal exchange. As of yesterday, Signature Living Coal Exchange Ltd listed only one director, his current wife Katie Kenwright, although Mr Kenwright is listed as a director of Signature Living Coal Exchange Ops Ltd.

I want to turn briefly to the financial model—

- **Craig Williams**

Will the hon. Gentleman give way?

- **Stephen Doughty**

If I may, I will not. We have limited time and I have already taken one intervention, but I might take another later if we have enough time.

The financial model that Mr Kenwright proposes to use for the building is the BPRA—business premises renovation allowance—scheme. That was introduced in the Finance Act 2005 and was intended to bring derelict or unused properties back into use. The scheme gives an initial allowance of 100% for expenditure on

converting or renovating unused business premises in a disadvantaged area. However, the Chancellor of the Exchequer has announced the end of the scheme from the end of this financial year, after a raft of concerns, and investigations by Her Majesty's Revenue and Customs.

The council has claimed to me that Signature Living has told it that it has secured an "approved £12 million" and up to a further £30 million. However, Lawrence Kenwright told me that only one of his previous schemes had received full approval from HMRC. I am deeply concerned. Given the investigations into these schemes in the past and the risk of their not being approved, where does the liability lie? We also ought to ask, given the current climate and concerns about tax avoidance and transparency: is this the right scheme to be funding this sort of building? Should we be assisting wealthy individuals and shadowy funds to avoid tax in this way? The Treasury has decided that it will end the scheme, which I think shows what it thinks of it.

The Financial Times reported on 14 July 2015:

"HM Revenue & Customs indicated it saw problems with arrangements involving BPRA, drawing parallels with abusive avoidance schemes, and a year later added them to its public 'Spotlights' list of arrangements it said taxpayers should avoid."

A range of concerns were raised. The FT continues:

"Where tax relief was not granted to taxpayers before 2013, the Revenue has in most cases withheld it, said Mr Avient"—

he comes from UHY Hacker Young—

"The Revenue clearly saw a situation where certain structures were stretching the rules too far'...it has issued a raft of accelerated payment demands to repay disputed tax to BPRA scheme investors. These tax bills cannot be appealed."

Interestingly, on 21 April 2014 the Liverpool Echo revealed the problems with the Stanley Dock regeneration scheme, funded in the same way. Builders were left unpaid; the council was left having to provide a significant amount of grant—multi-million pounds—and there was a complete lack of transparency. That involved another Liverpool company called Harcourt, which incidentally, as I said, was the previous preferred partner of Cardiff Council. The Liverpool Echo reported that it was

"surprisingly difficult to pin down the developers and owners",

which I think exposes the difficulties and concerns about the transparency of these schemes and their solidity.

I also have concerns about what the building will be—what is the proposal on the table? We have heard about it being proposed as a hotel. It is clear that Signature Living is a hotel developer. I am not opposed to a hotel development and I am sure that many other people in the community are not, but it is still, as of this date, unclear what parts of the building will be used for what. At various times, in various

meetings, we have been told of residential, part-hotel and normal hotel usage. In fact, Mr Kenwright suggested to me that it might be a third, a third, a third—or, as he put it, “as much as the council let me get away with”.

We need to be very clear—we need to know—before accepting or agreeing that this scheme is a good thing what the building will be used for. Tenants and businesses in the area and residents in the square—it is already a significant residential area—need to understand what will be there. Will there be lots of big parties coming there? Mr Kenwright has a hen and stag business in his hotels in Liverpool. Will lots of people be living there and will there be parking issues and all the other things associated with that? None of those schemes is necessarily wrong, but the public have a right to know what the building will be.

I come now to community benefits and issues. First, the Save The Coal Exchange campaign has listed a whole series of issues that it would want to be included in a section 106 agreement. It would want to see those outlined and agreed to. We have had promises of jobs and apprenticeships, although Lawrence Kenwright told me that the company would “bring their own people in”. Where are the clear assurances on jobs and apprenticeships?

Secondly, there are existing tenants—nearly 40 tenants—in the building. What assurances have they been given? They are deeply fearful that the council may step in, given its history, issue prohibition notices and see them evicted once building work starts. Where are the assurances for them?

We also have concerns about engagement with the local community in the square. There has not been serious consultation with local residents or businesses. Signature Living has been advertising major changes to Baltic House, home of the Wales Council for Voluntary Action. Is it aware of those; has it been consulted?

I have had an exchange of letters with the council about this matter and have had some assurances, but the letter from Neil Hanratty on 8 April confirms only that

“commitment to the above will be secured formally through the planning process”

and merely that Signature Living has “agreed in principle”. We should be having cast-iron guarantees for a building of this nature, with this kind of expenditure and the potential impact. These are really serious issues and we want to ensure that there is that community benefit, quite apart from all the other issues about access to the building.

Finally, heritage was one of the most positive aspects of the Signature Living proposal but, even so, there are concerns. In March 2016, the Victorian Society wrote to City of Cardiff Council officer Pat Thompson, copying in Neil Hanratty, saying that it had heard nothing from the council for 20 months and that

“the lack of communication from Cardiff Council is both disappointing and concerning... we are concerned that without close scrutiny, and clear direction from the local authority, aided and informed by a proper assessment...an acceptably sympathetic scheme, might...prove difficult to achieve. In 2013 and 2014 the Society



was involved in consultations with Signature Living over its proposed hotel conversion, of Albion House, Liverpool, a Grade 2\* Listed Building by Richard Norman Shaw.”

That building will, of course, be of interest to those of us in this Parliament. The letter continued:

“From our point of view the process was far from ideal. Plans were drawn up hurriedly and without any evidence of the sort of high quality, detailed heritage assessment a Grade 2\* Listed Building demands. Perhaps unsurprisingly therefore, the conversion involved some alterations and additions that we as well as Historic England advised were unsympathetic and harmful. These were undertaken regardless, some seemingly prior to receiving the necessary consents... None of this is to suggest that Signature Living is incapable or indisposed to deliver a high quality sensitive scheme, rather it is to demonstrate that without proper guidance...in the form of a Conservation Management Plan and a structural survey, a less sympathetic and unnecessarily damaging conversion scheme is the likely outcome.”

I conclude by identifying a few key areas. First, the questions about the financial background are deeply concerning. What does the Minister think? I want Cardiff Council to be clear about its due diligence process in that regard, particularly on the sureties around the BPRA scheme, given the concerns that have been raised. What happens if that goes wrong? Who will bail this out? Who will deal with the financial consequences?

Secondly, on heritage and planning, there is a clear need for strict oversight from Cadw, the Victorian Society and others, for conservation management plans and for surveys, whatever developer comes in. Thirdly, we need guarantees in writing, not assurances that mean nothing, on the community issues and on access to the building. We need guarantees for the tenants of the building as it is, and we need an inquiry into the overall process over a number of years. The process has been deeply unsatisfactory and has involved the use of health and safety powers and the spending of public money in a deeply non-transparent way. We should put a halt to the proposal, re-engage with the community and other stakeholders and act in the national interest to save the coal exchange.

- **Mr George Howarth (in the Chair)**

I put it on the record that I had no foreknowledge of what the hon. Member for Cardiff South and Penarth was going to raise. I raised some issues about one of the developments he mentioned on behalf of some constituents many years ago, and I would not want it to be thought that I had any prior knowledge that he would mention it, otherwise it might not have been appropriate for me to take the Chair today.

11.22 am

- **The Parliamentary Under-Secretary of State for Wales (Guto Bebb)**

It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate the hon. Member for Cardiff South and Penarth (Stephen Doughty) on his speech and on securing this debate. It is important that Westminster is still relevant to the communities that we represent in Wales, and highlighting such issues in Westminster Hall debates is appropriate and correct. He said that he does not expect me to have all the answers, and indeed it would be inappropriate for me to respond to some of the points that have been raised because many of them are issues for the Welsh Government and for City of Cardiff Council, which as part of local government in Wales is answerable to the Welsh Government. I will have to restrain myself from commenting on devolved areas. It is important to place this debate in context and to respond to the undeveloped issues, and I will particularly respond to the questions on the tax allowance system. Additionally, it is important to touch on the Crown Estate's position in the sales process to try to allay some of the fears he raised.

On the background to the debate, I fully subscribe to the hon. Gentleman's comments on the coal exchange, which is an iconic Welsh building. We should be proud that Wales was able to dictate the price of coal throughout the world, and we should trumpet that the first £1 million business transaction—the sale of coal to France—happened at the coal exchange. We should talk about that when we discuss the history of Cardiff but, in the context of Cardiff bay, this debate is also an opportunity to highlight the way in which Wales has developed. We should proudly boast of the revitalisation of Cardiff bay and highlight the economic impact of the changes in Cardiff that have been secured through the work of successive Governments here in Westminster, in co-operation with Governments in Cardiff bay—it is an example of the two Governments working together and of the local authority being proactive in redeveloping an area that was ripe for redevelopment. This is a success story, and there is no doubt that the coal exchange is an iconic building at the centre of the proposed redevelopment of Cardiff bay.

When we talk about redevelopment and business opportunities in Cardiff, it is no bad thing to trumpet, for example, the Cardiff city deal. I represent a north Wales constituency, and I often hear the accusation that all the investment in Wales goes to Cardiff, but it is important to point out that the scale of the Cardiff city deal is not confined to the city of Cardiff; it will have a huge impact on all the areas surrounding Cardiff. Indeed, a significant proportion of the Welsh population will be affected by the Cardiff city deal, which has secured a £1.2 billion investment on a cross-governmental level. I am sure that every hon. Member in this Chamber would welcome that.

Cardiff is a city that is going places and performing extremely well in attracting inward investment. There is no doubt that the Cardiff bay area has been crucial to the refocusing of Cardiff in the mind of inward investors as a city with a “can do” attitude, which has made a difference to job creation throughout the area and south Wales.

- **[Craig Williams](#)**

There is a direct comparison between the scale of regeneration in Cardiff under the Cardiff Bay Development Corporation, which was formed under the previous Conservative Government, and the city deal in partnership with the Wales

Government. It is a national disgrace that we are debating the future of the coal exchange and that it has been left to fall down through the inaction of the Labour Welsh Government. The impression has been given that the officers run City of Cardiff Council, which has a Labour cabinet.

- **Kevin Brennan (Cardiff West) (Lab)**

Speech!

- **Mr George Howarth (in the Chair)**

Order. That is very lengthy for an intervention.

- **Guto Bebb**

Concerns have been raised by my hon. Friend the Member for Cardiff North (Craig Williams) and by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) on the inactivity, or otherwise, of the Welsh Government. It is not for me to comment on that, but I am sure that the hon. Member for Cardiff South and Penarth will be making his views known in due course.

Two specific issues have been raised to which I can respond. First, I cannot respond to the sales process adopted by City of Cardiff Council, but it is only right and proper that I address the involvement of the Crown Estate, about which the hon. Gentleman expressed concern. It is clear that the whole process was subject to the escheat process, which means that the building was never owned by the Crown Estate. As such, the Crown Estate was neither consulted nor involved in the process by which the property's ownership is being transferred. That is not unique; it is a pattern that can be seen in many circumstances involving the Crown Estate. The actual decision-making process will be for City of Cardiff Council and the Welsh Government. Although the Crown Estate is technically involved, it is not odd that it was not consulted and did not provide any input in the process.

The hon. Gentleman mentioned the tax allowance scheme, and it is fair to say that the business premises renovation allowance is central to the redevelopment plan. He is right to highlight the fact that the scheme will be coming to an end at the end of this financial year at the end of March 2017. He is also correct that concerns have been raised about the way in which the scheme has been utilised in the past. Those concerns, which were raised, I think, back in 2011-12, have been addressed by Her Majesty's Revenue and Customs, and it was stated in summer Budget 2015 that the scheme would be coming to an end. That is still the case. It is important to highlight the fact that the BPRA is a capital allowance scheme, and my understanding is that under such schemes any claim for the allowance would have to be made retrospectively, after the expenditure is made. It is also important to highlight the fact that any claim for a capital allowance under such a scheme would have to refer to expenditure incurred during the 2016-17 financial year. Any expenditure incurred after that point would obviously be outside the scope of the allowance scheme, which is a fairly important point.

- [Stephen Doughty](#) rose—
- [Guto Bebb](#)

I apologise, but I am afraid that I have only one minute.

The hon. Gentleman's concerns have been heard, if nothing else. By raising this issue in Westminster, he has ensured that the concerns of tenants, the local community and elected representatives have been heard. The concerns raised in relation to the tenants of the coal exchange are valid and should be addressed, and everyone would agree that the redevelopment of such an iconic business should be open and transparent and should have the support of the local community. However, on the issues relating to the involvement of the Westminster Government, I restate that the Crown Estate process has been par for the course. In the same way, the concerns raised about the tax allowance scheme are valid if this redevelopment does not happen before the end of March 2017 but, as it currently stands, the scheme is still in existence.

Question put and agreed to.

11.29 am

Sitting suspended.