

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 9 January, 2017**

#### **Cabinet Member for Regeneration and Education**

### **Innovation Quarter (IQ), Barry Waterfront - IQ Southern Development Site & IQ Hood Road Goods Shed Site**

#### **Purpose of the Report**

1. To report the outcome of the marketing of the IQ Southern Development Site in accordance with Cabinet Minute C2550, and to consider the next steps in seeking the disposal of the site. The report also considers a way forward for the neighbouring IQ Hood Road Goods Shed site.

#### **Recommendations**

1. That authority is granted to the Head of Regeneration and Planning (in consultation with the IQ Project Board) to market and dispose by way of a 999 year leasehold the IQ Southern Development Site (indicatively edged in [Appendix B](#)) as a mixed use development opportunity, for two or more of the following revised range of uses: Food and Drink (Use Class A3), Business (Use Class B1), Financial and Professional Services (Use Class A2), Assembly and Leisure (Use Class D2), Shops (Use Class A1 as an enabler), Residential (Use Class C3 as an enabler), Live/Work (as an enabler) and market, subject to Welsh Government consent;
2. That authority is granted to the Head of Regeneration and Planning (in consultation with the IQ Project Board) to market and dispose by way of a 999 year leasehold the IQ Hood Road Goods Shed Site (indicatively edged in [Appendix C](#)) as a mixed use development opportunity, for two or more of the following range of uses: Food and Drink (Use Class A3), Business (Use Class B1), Financial and Professional Services (Use Class A2), Assembly and Leisure (Use Class D2), Shops (Use Class A1 as an enabler), Residential (Use Class C3 as an enabler), Live/Work (as an enabler) and market, subject to Welsh Government consent;
3. That authority is granted to the Head of Regeneration and Planning (in consultation with the IQ Project Board) to market and dispose the IQ Southern Development Site and the IQ Hood Road Goods Shed Site not only as single development sites but also combined as a larger mixed use site development opportunity, subject to Welsh Government consent;
4. That authority is granted to the Head of Regeneration and Planning to retain JLL as marketing agents for the IQ Southern Development Site and, by way of an exemption from Financial Regulations, to broaden the scope of the commission to include the

marketing and disposal of the IQ Hood Road Goods Shed Site and both sites combined and/or to appoint other consultants as may be required to achieve project delivery;

5. That authority is granted to the Head of Legal Services to prepare, execute and complete all legal documentation required to facilitate the disposal of the IQ Southern Development Site and the IQ Hood Road Goods Shed site as individual disposals or as a combined disposal, subject to the consent of the Welsh Government.

## **Reasons for the Recommendations**

1. To authorise the marketing and disposal of the IQ Southern Development Site;
2. To authorise the marketing and disposal of the IQ Hood Road Goods Shed Site;
3. To authorise the marketing and disposal of the IQ Southern Development Site and the IQ Hood Road Goods Shed Site as either single site disposals or combined as one larger development site disposal.
4. To authorise JLL as marketing agents for this enhanced marketing agent commission and/or other consultants as may be required to achieve project delivery;
5. To enable the legal execution and completion of the disposal of the two named sites as single sites or as one combined larger site.

## **Background**

2. The Innovation Quarter is a 19-acre mixed use urban quarter located within Barry Waterfront ([Appendix A](#)) that is being regenerated by the Vale of Glamorgan Council by way of a joint venture with the Welsh Government. To date a number of development projects have been facilitated with various developers at the Innovation Quarter including the award winning grade II Listed Barry Pumphouse conversion (with its 15 Live/Work units and ground floor restaurant (Hangfire Southern Kitchen), coffee house (Academy Espresso Bar) and fitness studio/gym (Snap Fitness)), a Premier Inn hotel and Brewers Fayre Restaurant, West Quay Medical Centre, the Business Service Centre (with its 18 offices and 8 workshops), and proposals are in the pipeline to convert the IT Skills Training Centre into a second Business Services Centre (in accordance with Cabinet Minute C3241, subject to Welsh Government consent). A copy of a review of the process that was undertaken with regard to the development of the Pumphouse building is attached at [Appendix E](#).
3. The Innovation Quarter is overseen by the IQ Project Board (the Leader, Deputy Leader/Cabinet Member for Regeneration & Education, Managing Director, Head of Regeneration & Planning (IQ Project Sponsor) and Head of Finance) and is project managed by a Major Projects Manager from the Project Management Unit in liaison with a core Project Team including officers from Legal Services, the Property Section and other officers as required.
4. In accordance with Cabinet Minute C2550 the Council appointed marketing agents JLL to market the IQ Southern Development Site (indicatively edged in [Appendix B](#)) for one or more of the following uses: Financial and Professional Services (Use Class A2), Food and Drink (Use Class A3), Business (Use Class B1), and Assembly and Leisure (Use Class D2). A comprehensive marketing exercise was completed during 2015 by JLL. Developers bid for the site and proposed a mix of commercial uses along with a cinema. Following negotiations, and disappointingly, a financially viable

land transaction was not forthcoming. As a result it is now proposed to re-market the land by way of a revised range of mixed uses as outlined below.

5. In addition to the north of the IQ Southern Development Site is the IQ Hood Road Good Shed Site (aka Gwalia Buildings) (indicatively edged in [Appendix C](#)). A formal expression of interest has been received from a developer to purchase the IQ Hood Road Goods Shed Site and facilitate a potentially exciting investment project that would transform the local historic property and its site. For commercially confidentiality reasons details of this expression of interest are not set out in this report. However, in view of this expression the Project Board recommend that this property and its site be marketed as outlined in this report.

## **Relevant Issues and Options**

6. It is proposed to re market the IQ Southern Development Site (circa 2.9 acre site indicatively edged in [Appendix B](#)) and to dispose of the land by way of a 999 year leasehold for a mixed use development opportunity for two or more of the following revised range of uses: Food and Drink (Use Class A3), Business (Use Class B1), Financial and Professional Services (Use Class A2), Assembly and Leisure (Use Class D2), Shops (Use Class A1 as an enabler), Residential (Use Class C3 as an enabler), Live/Work (as an enabler) and market, subject to planning and Welsh Government consent.
7. Due to the above mentioned expression of interest from a developer it is also proposed to simultaneously market the IQ Hood Road Goods Shed Site (circa 1 acre site indicatively edged in [Appendix C](#)) and to dispose of the land by way of a 999 year leasehold for a mixed use development opportunity, subject to Welsh Government consent, for two or more of the same range of uses. The Hood Road Goods Shed (aka Gwalia Buildings) accommodates two existing tenants and the property would be marketed and disposed with the tenants in situ.
8. The Project Board recommends the marketing and disposal of the IQ Southern Development Site and the IQ Hood Road Goods Shed Site not only as single development sites but also combined to offer a larger mixed use development site opportunity, subject to Welsh Government consent. Combined both sites comprise circa 3.9 acres of prime development land in the heart of the mixed use Innovation Quarter within Barry Waterfront.
9. The disposal and redevelopment of the IQ Southern Development Site and the IQ Hood Road Goods Shed Site would assist the continued delivery of the Innovation Quarter, regenerate brown field land, enhance a local historic building, boost the local economy by securing investment, create new jobs and improve the environment for the benefit of the wider community. As indicated in paragraph 4 JLL have been retained as marketing agents to market the IQ Southern Development Site. Recommendation 4 seeks authority to retain the services of JLL by way of an exemption from financial regulations.

## **Resource Implications (Financial and Employment)**

10. A capital budget of £49k exists within the Capital Programme for the marketing and disposal of the IQ Southern Development Site and this budget will be utilised to fund the marketing and disposal of both the IQ Southern Development Site and the IQ Hood Road Goods Shed Site. This budget is funded from existing IQ capital receipts within the Capital Programme.

11. In accordance with the legal joint venture for the Innovation Quarter any income generated from the land disposal would be shared between the Council and Welsh Government.

### **Sustainability and Climate Change Implications**

12. The sites are situated within Barry Waterfront, a sustainable mixed use urban development area that is well located close to public transport, cycling and pedestrian routes.

### **Legal Implications (to Include Human Rights Implications)**

13. The Vale of Glamorgan Council owns the freehold interest in the land.
14. The Council is in a legal joint venture with the Welsh Government and as with all land disposals within the Innovation Quarter the disposal of the land would be subject to Welsh Government consent.

### **Crime and Disorder Implications**

15. This is a matter that a purchaser/developer of any future redevelopment scheme would address during the detailed design stage.

### **Equal Opportunities Implications (to include Welsh Language issues)**

16. The intention is to facilitate this project(s) in accordance with the Council's equal opportunities ethos. The sites will be marketed widely and openly.

### **Corporate/Service Objectives**

17. This project would assist the Council deliver its Corporate Plan (2016 - 2020) vision of achieving "Strong Communities with a bright future" by promoting regeneration, economic growth and employment. This supports the Corporate Plan "Well-Being Outcome 2: An environmentally responsible and prosperous Vale."

### **Policy Framework and Budget**

18. This is a matter for Executive decision.

### **Consultation (including Ward Member Consultation)**

19. The land is located in the Baruc ward and the local Ward Members have been consulted on the report.

### **Relevant Scrutiny Committee**

20. Environment and Regeneration.

### **Background Papers**

None.

### **Contact Officer**

Mark White, Major Projects Manager

## **Officers Consulted**

OM, Regeneration

OM, Property

OM, Development Management

Principal Lawyer

Principal Accountant

Major Projects Manager

Head of Regeneration and Planning

## **Responsible Officer:**

Rob Thomas, Managing Director