

The Vale of Glamorgan Council

Cabinet Meeting: 11 July, 2016

Cabinet Member for Regeneration and Education

Skills Training Centre, Innovation Quarter

Purpose of the Report

1. To seek authority for the Skills Training Centre located at the Innovation Quarter, Barry Waterfront, to be converted and operated by the Vale of Glamorgan Council as a Business Services Centre No. 2. (BSC 2) providing accommodation for small and medium business enterprises (SMEs), subject to Welsh Government consent and statutory consents;
2. To seek authority for an increase to the 2016/17 Capital Programme to fund the capital cost of the conversion and the development of a car park to a standard similar to the existing BSC car park utilising capital receipts from the Innovation Quarter;
3. To seek authority for the Council's share of capital receipts identified in this report from the disposal of land at the Innovation Quarter, £179k to be included in the 2016/17 Capital Programme, and for the Innovation Quarter Project Board to be granted delegated authority to approve its use.

Recommendations

1. That Cabinet authorise the Skills Training Centre to be converted and operated by the Vale of Glamorgan Council as a Business Services Centre No. 2. (BSC 2) providing accommodation for small and medium business enterprises (SMEs), subject to Welsh Government consent and statutory consents;
2. That Cabinet approve an increase to the 2016/17 Capital Programme to fund (a) the capital cost of circa £35k required to convert the property into a BSC 2 and secure statutory consents; and (b) the capital cost of circa £100k required to upgrade the car park to a standard similar to the existing BSC car park utilising capital receipts from the Innovation Quarter;
3. That Cabinet authorise the Council's share of capital receipts identified in this report from the disposal of land at the Innovation Quarter, £179k to be included in the 2016/17 Capital Programme, and for the Innovation Quarter Project Board to be granted delegated authority to approve its use.

Reasons for the Recommendations

1. To enable the conversion of the Skills Training Centre into a Business Services Centre No. 2 (BSC 2), subject to statutory consents and Welsh Government approval;
2. To utilise part of the IQ capital receipts (circa £135k) identified in this report as a source of capital funding required to deliver the BSC 2 project and for the Capital Programme to be amended accordingly;
3. To confirm the remaining IQ capital receipts (£179k) identified in this report as a source of capital funding for other future projects within the Innovation Quarter, a budget that will be overseen by the Project Board, and for the Capital Programme to be amended accordingly.

Background

4. The Innovation Quarter comprises 19-acres of what was largely brown-field land with Barry Waterfront in the freehold ownership of the Vale of Glamorgan Council. The Innovation Quarter is the subject of a Joint Venture between the Council and the Welsh Government aimed at regenerating the land to create a mixed use urban quarter. To date a number of Innovation Quarter developments have been facilitated including the award winning Barry Pumphouse, Premier Inn and Brewers Fayre Restaurant, West Quay Medical Centre and Skills Training Centre.

Relevant Issues and Options

5. The Skills Training Centre is a two storey property owned by the Vale of Glamorgan Council that has recently been vacated by Cardiff and Vale College. It is proposed for the vacant property to be utilised by the Vale of Glamorgan Council as a new Business Services Centre (BSC), i.e. a BSC 2, providing office accommodation for small and medium business enterprises (SMEs).
6. In 2006 the neighbouring Business Service Centre (BSC), which is operated by the Council, opened its doors to the SME market of the Vale of Glamorgan. The eight workshops and 18 offices at the BSC have enjoyed a very high level of occupancy for the past few years. Flexible high quality accommodation is in short supply in Barry. The Council offers easy in- easy out terms so a business is not bound by a lease beyond a month's notice. This reduces risk for a business.
7. The BSC building enjoys occupation by a diversity of businesses ranging from telecoms and data businesses to sign writers and a theatrical props company. The Innovation Quarter is prized for having the highest broadband download and upload speeds in the area due to the superfast broadband investment made in the town and its close proximity to a newly upgraded exchange. This is a key consideration for business location today.
8. As the BSC building and car park are located adjacent to the Skills Training Centre building, the vacant property makes an ideal location for the Council to offer business support and the above mentioned easy-in, easy-out lease terms to the local business community. The Skills Training Centre building offers approximately 713 square meters of lettable space comprising 15 rooms that would be suitable for office accommodation of varying sizes. The building has sound communications and data connection points as well as power.

9. The market for quality SME accommodation located at the Innovation Quarter has been buoyant and offices have not remained vacant for long. This has been the case since 2010 but increasingly so since the arrival of Whitbread offering the Premier Inn and Brewer's Fayre in 2012, the opening of ASDA and the regeneration investment in the Pumphouse building in 2014/15. With this confidence in the quality accommodation market, it is anticipated that the Skills Training Centre building if managed and occupied similarly to the BSC, could be as successful at attracting further SME's further consolidating the Innovation Quarter as a vibrant business and entrepreneurial hub for the Vale of Glamorgan.

Resource Implications (Financial and Employment)

10. The Council's up-front costs would be for the installation of a door entry system and CCTV system and a budget to make remedial repairs to the building prior to opening at an approximate capital cost of circa £35k and circa £100k for enhancing the car park to the same standard as the BSC car park.
11. The funding source for these capital works are capital receipts from the Innovation Quarter (refer to paragraph 14 below).
12. In terms of revenue implications:
 - a) the Facilities Officer (Regeneration) is the officer with day to day responsibilities for managing the BSC site along with additional buildings in the area such as the Vale Enterprise Centre and Community Enterprise Centre to name a few. The Facilities Officer will also manage the maintenance and lettings arrangements for BSC2 which will fall within the team's existing capacity producing few additional staff costs;
 - b) the Business and Administration team would run a proactive marketing campaign in year one of BSC2's opening at a revenue cost of £5k;
 - c) it is anticipated that as a BSC 2 the Skills Training Centre building would generate sufficient rental income to achieve a financially viable operation, being self-sustainable within three years.
13. The Skills Training Centre building by being located within the Innovation Quarter is the subject of the Innovation Quarter Joint Venture between the Vale of Glamorgan Council and the Welsh Government. In accordance with the Joint Venture the Council will be required to make payments to the Welsh Government. Based on current levels of investment made by the Council and Welsh Government into the Innovation Quarter, the Joint Venture Agreement between the Council and Welsh Government stipulates a return of circa 57% of annual income net of costs should the rental income, less management time costs and restorative maintenance costs prove to be in a surplus figure. However, these costs may be reduced if regular investment is made to the building.
14. The Council's share of IQ capital receipts from the disposal of Pumphouse and Premier Inn land at the Innovation Quarter amounts to approximately £314K to date. It is intended to utilise these monies as the source of capital funding for the delivery of the BSC 2 project at the vacant Skills Training Centre. It is also intended for the remaining funding from the IQ capital receipts to be utilised to deliver other future projects within the Innovation Quarter, subject to the approval of the Project Board who will oversee this budget and approve future expenditure.

Sustainability and Climate Change Implications

15. The project proposes reusing an existing vacant property, which represents a sustainable approach as opposed to redeveloping the site.

Legal Implications (to Include Human Rights Implications)

16. The property and its site are in the freehold ownership of the Vale of Glamorgan Council.
17. The property is the subject of the Innovation Quarter Joint Venture and therefore the proposal to convert the property into a BSC 2 is subject to agreement with the Welsh Government.

Crime and Disorder Implications

18. The property is secured by fencing and is located within a mixed use urban quarter development, which improves security as it means that there are buildings and spaces occupied at different times of the day within the Innovation Quarter.

Equal Opportunities Implications (to include Welsh Language issues)

19. None.

Corporate/Service Objectives

20. The project will 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

21. This is a matter for Executive decision.

Consultation (including Ward Member Consultation)

22. The property is located within the Buttrills Ward. Local ward members were being consulted at the time of preparing this report and any comments will be minuted at the Cabinet meeting.

Relevant Scrutiny Committee

23. Environment and Regeneration

Background Papers

None.

Contact Officer

Mark White - Major Projects Manager

Officers Consulted

Head of Regeneration and Planning;
Operational Manager - Regeneration;

Strategic Estates Manager;
Principal Lawyer;
Principal Accountant.

Responsible Officer:

Rob Thomas - Managing Director