

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Monday, 09 September 2019</b>
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	1 <sup>st</sup> Floor Tourism Offices, Former TIC, Barry Island
Purpose of Report:	To seek approval to commercially rent the upper floor of building.
Report Owner:	Deputy Leader and Cabinet Member for Education and Regeneration
Responsible Officer:	Rob Thomas, Managing Director
Elected Member and Officer Consultation:	Head of Regeneration and Planning Operational Manager – Regeneration Team Leader, Neighbourhood Housing and Renewal Operational Manager - Property Committee Reports - Legal Operational Manager - Accountancy Accountant – Regeneration Ward Members – Baruc
Policy Framework:	This is a matter for Executive decision by Cabinet
Executive Summary: <ul style="list-style-type: none"> <li>The building known as the Former Tourism Information Office on Barry Island is owned by the Vale of Glamorgan Council and managed by the Regeneration department. The ground floor was previously the Tourism Information Office however when this function ceased it was leased to the RNLI in 2014. The 1<sup>st</sup> floor offices have been the offices for the Vale of Glamorgan Council Tourism team, however in July 2019 they have vacated the space to be based within the Dock Offices. In addition, the space was used by Neighbourhood Services for Resort Manager and resort staff welfare. Following consultation with Neighbourhood Services new arrangements have been made by that team for Resort staff welfare. There are 4 off street car parking spaces allocated to the 1<sup>st</sup> Floor Offices. The 1<sup>st</sup> Floor Office and associated car parking has been identified as an asset which could be utilised to gain a rental income for the Council. Work has</li> </ul>	

been undertaken under delegation to the Operational Manager, Regeneration to explore a range of potential uses.

- The proposals for the potential use of the building were taken to Insight Board in July 2019 where no objections were raised.
- The Vale of Glamorgan Council Estates team have undertaken a preliminary marketing report that recommends that the property be advertised for let by Informal tender process for a guide of £14,000 per annum for the existing office use. Other uses will be considered, but other uses would be subject to appropriate Planning consents.
- In order to market the building subject to Cabinet approval, a compliant EPC (Energy Performance Certificate) and condition survey are required.

## **Recommendations**

1. That Cabinet declares an intention to commercially let the 1<sup>st</sup> Floor Office, Former TIC and car parking spaces that are adjacent to the building.
2. That, subject to recommendation 1, Cabinet approves the marketing and letting of 1st Floor Office, Former TIC for the range of uses outlined in this report.
3. That, subject to recommendations 1 and 2, Cabinet delegates authority to Head of Regeneration and Planning and Operational Manager (Regeneration) in consultation with the Deputy Leader and Cabinet Member for Education and Regeneration and the Operational Manager (Property) to negotiate and agree the Heads of Terms and manage the letting of the Former TIC Office space.
4. That, subject to recommendations 1 and 2, Cabinet delegates authority to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute the appropriate legal documentation to tenant the 1st Floor Office, Former TIC via lease.

## **Reasons for Recommendations**

1. In order to allow the Council to market the 1st Floor Office, Former TIC and of it by lease at the appropriate time.
2. To allow for the marketing of the asset for a range of appropriate uses.
3. To determine Heads of Terms to be agreed with potential tenants
4. To enable a lease, to be completed.

## **1. Background**

- 1.1 The Former Tourism Information Office on Barry Island is owned by the Vale of Glamorgan Council and managed by the Regeneration department. The ground floor was previously the Tourism Information Office however when this function ceased it was commercially leased to the RNLI in 2014.
- 1.2 The 1st floor offices have been the offices for the Vale of Glamorgan Council Tourism team and the Barry Island Resort Manager. Following consultation with Tourism Team and Resort Island staff no objections were raised with the closure of the office space and in July 2019 the offices were vacated. The Tourism Team are now based at the Dock Offices and the Resort Manger at Court Road Depot. Resort staff welfare facilities have been relocated following consultation with Neighbourhood Services. The 1st Floor Office has been identified as an asset which could be utilised to gain a rental income for the Council. Work has been undertaken under delegation to the Operational Manager, Regeneration to explore a range of potential uses.

- 1.3** In July 2019 the proposal to commercial let the office space was taken to Insight Board where no objections were raised, and no department expressed an interest in retaining the building for council staff or services.
- 1.4** The Vale of Glamorgan Council Estates team have undertaken a preliminary marketing report that recommends that the property be advertised for let by Informal tender process for a guide of £14,000 per annum for the existing office use. Other uses will be considered, but other uses would be subject to appropriate Planning consents.
- 1.5** This report seeks approval from Cabinet to declare 1<sup>st</sup> Floor, Former TIC as no longer required for Council staff accommodation or services and proposes marketing for a range of commercial uses with a preferred option of office accommodation. Appendix A provides a site plan setting out the area that is proposed to be commercially let.

## **2. Key Issues for Consideration**

- 2.1** To enable 1<sup>st</sup> Floor Offices, Former TIC to be marketed all elements of building compliance due will be completed and an energy performance certificate (EPC) will be required and is currently due to be undertaken in the week beginning 2<sup>nd</sup> September. Given it is a relatively modern building it is currently considered that it should meet the minimum rating of E which would allow it to be let. The cost of this will be £700.00. All ongoing compliance will be the responsibility of the future tenant who will be responsible for ensuring the compliance of the building. This will take place subject to Cabinet approval.
- 2.2** The Estates department have undertaken a preliminary marketing report that concludes that Office use would be the most likely future use for the space. However subject to planning consideration other uses may be considered.
- 2.3** That the four car parking spaces are crucial to ensure a good lease income is achieved. There are two spaces either side of the building as marked on Appendix A.
- 2.4** The 1<sup>st</sup> Floor Offices have no lift provision or disabled access to the building which limits the potential end uses.
- 2.5** As the ground floor tenancy expires in November 2024 it is proposed that an initial term of 5 years is advertised in order to offer the opportunity to review the property as a whole in 2024. This assumes that any new lease for the First floor can be completed by the end of this calendar year.
- 2.6** A marketing brief has been prepared and will be advertised via the Council's website and promoted via social media.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** These proposals form a part of the Reshaping Services Programme and will contribute to the Council's Income Generation and Commercial Opportunities work.
- 3.2** The offices provide a space in which to create employment opportunities for our residents.
- 3.3** The rental income will ensure the building which is at the heart of Barry Island remains in a good condition and benefit the public realm.

### **4. Resources and Legal Considerations**

#### **Financial**

- 4.1** The commercial letting of 1<sup>st</sup> Floor Offices, Former TIC presents the opportunity to generate a revenue stream for the Council. Responsibility for maintain the external fabric of the building will remain with the Council. Income generated to be used first to maintain the building as it stands within the heart of Barry Island.
- 4.2** Resources will be required to prepare, advertise and evaluate tenders and a small cross-directorate working group has been established to manage the process. This will include fees for internal departments including Estates and Legal for completing the transaction. These costs will be funded from existing revenue budgets.

#### **Employment**

- 4.3** There are no employment issues directly associated with this report.

#### **Legal (Including Equalities)**

- 4.4** It is recommended that Cabinet delegates authority to the Head of Legal Services to prepare, complete and execute the appropriate legal documentation to let 1<sup>st</sup> Floor Offices under a 5-year short-tenancy lease. The Property will be advertised openly and bids will be assessed against set criteria outlined out in the tender documents.

### **5. Background Papers**

Appendix A- Site Map Barry Island Offices

Appendix B- Preliminary Marketing Report, First Floor - Barry Island Former TIC



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# Preliminary Marketing Report

First Floor - Barry Island Former TIC



## Brief

The Economic Development Team have requested that the Estates team prepare a preliminary marketing report following the relocation of members of the events and tourism teams to the Dock office.

The service is currently investigating whether Cabinet approval is required to dispose of the property by lease or whether an authority already exists.

## Location

The property is located in the centre of Barry Island. To the North of the property is an on street parking area and beyond are a mixture of retail units and amusement arcades. To the East of the property is the main Promenade area, the Barry Island "Fun Fair" and retail units, beyond there is a large parking area. To the South is the Promenade and approximately 70m away is Whitmore Bay Beach. To the West are further retail units and beyond is a further large car park.



## The Property

The Freehold property is of traditional brick construction built circa 1981 with a pitched roof. Generally the property appears to be in reasonable condition, a full condition survey has not been undertaken and it is recommended that this is completed prior to any tenant taking occupation.

There are two access points to the building. The main entrance opens out on the Southern elevation onto the Promenade with a secondary set of steps on the Eastern elevation of the building. There is no lift provision or disabled access to the building.



The property has two main office areas, a kitchen with seating area, a covered balcony at the top of the main stairs and a toilet.

The heating is supplied via a gas combination boiler located in the kitchen and the lighting is T5 located within the suspended ceiling.



The property is measured as a total of 113m<sup>2</sup> (1218ft<sup>2</sup>) of office and kitchen space available to let.

The ground floor is occupied by the RNLI on a 10 year lease agreement which comes to an end in November 2024, the annual rental is £15,000 for a retail use.

There will be four off street car parking spaces allocated to the property which will not be subject to parking charges within the area.

## Rates

The property (REF:[100403400225](#)) known as 1 St Flr The Triangle, Paget Road, Barry, CF62 5TQ has a total rateable value of £14,000. It will benefit from Empty rates relief for a period of 3 months if unoccupied. Following that period the pro rata proportion of the annual NNDR charge of £7,364 will become payable.

## Utilities

Gas, Electric and Water are available at the property and are all separately metered. The Energy team are currently considering options for reducing the cost liability for the vacant period and will report back with options once finalised.

## EPC

No EPC is available for the building, this will be required prior to letting the building.

## Compliance

- Asbestos Management Plans – Valid
- Asbestos Register – Due 26/06/2020
- Fixed Electrical Testing (5yr) – Due 13/10/2019
- Emergency Lighting – Due 31/01/2020
- Fire Detection - Due 31/01/2020
- Fire Fighting Equipment – Overdue
- Fire Risk assessment – Due 28/05/2020
- Gas Safety – Due 10/08/2019
- Glazing – Valid

## Uses / Value

The property has a permitted use as for an office. Given its lack of disabled access, the most likely future use is office.

## Office

There are very few offices lettings in the immediate area. In the wider area there are Council owned properties to let at BSc and BSc2 which provide similar sized accommodation in the Waterfront area...

Office Values in the area range from £7 to £13 (serviced) the rates have been calculated based on a value of £11.50 per ft<sup>2</sup>.

Property	Size ft <sup>2</sup>	Rent Per Annum	£ per ft <sup>2</sup>
Hen Goleg	9000	£62,500	£7
Provincial House	11,600	£120,000	£10.33
St Hilary Court, Culverhouse Cross	1000	£12,500	£12.50
BSC Offices	250 - 900	-	£12.50 - £13.00

## Retail

There is a good supply of retail property in the area.

The ground floor of the subject property is let to the RNLI on a 10 year lease for £15,000 per annum and is the same size as the first floor, generating a rent of £12.36 per ft<sup>2</sup>.

A1 retail premises within the area have been assessed at a rate of £14.40per ft<sup>2</sup> ITZA, there are very few recent transactions which compare well to this property.

A3 uses in the area have been assessed at the same unit rate. Properties owned by the Council and let out are as follows

Property	Current Rent	£ per M <sup>2</sup>	£ per ft <sup>2</sup>	Size M <sup>2</sup>
Eastern End Kiosk (No 1) Whitmore Bay	£3,000	£130.78	£12.15	22.94
Former Lifeguard Building	£7,320	£131.23	£12.19	55.78
Former Pottery Kiosk, (No 2) Whitmore Bay	£1,650	£71.93	£6.68	22.94
Kiosk no 2 Central Promenade	£6,650	£65.91	£6.12	100.89
Kiosk no 3 Adjacent Western Shelter (Marcos)	£7,000	£117.79	£10.94	59.43
Recess Pavilion, Western Shelter	£14,500	£53.93	£5.01	268.87

## Other Uses

Given the unique location of the property it would be unwise to discount other types of uses in marketing. Other uses in the surrounding area include:

- Gymnasium
- Amusement Arcade
- Training Centres
- Clinics
- Crèches
- Other D1 / D2 and Sui Generis Uses.

## Holiday Accommodation

The property would require a change of use to allow this use. The current LDP (under Policy MD16 Protection of Employment) would resist the change of use from employment to residential. However this would be balanced with the benefit that the use could increase tourism to the area. The value of this use has not been investigated and would need further research before advising on possible values. Further research on this option would be required prior to including this as possible use in marketing material.

## Tenancies

It is proposed that the property be let by virtue of a business tenancy which would be contracted out of the Security of Tenure provisions of the Landlord and Tenant Act 1954, ensuring that any ingoing tenants will not have the automatic right to renew the lease beyond the initial term.

As the ground floor tenancy expires in November 2024 it is proposed that an initial term of 5 years is advertised in order to offer the opportunity to review the property as a whole in 2024. This assumes that any new lease for the First floor can be completed by the end of this calendar year.

## Value

The comparable evidence in the area range quite substantially. When all things are considered a reasonable rental to be applied to the First floor would be circa £9,000 - £10,000 per annum. Following discussion with the owning department, it is felt that the uniqueness of the property presents an opportunity which does not arise frequently therefore it is proposed that the property is placed on the market with a guide of £14,000 per annum for the existing office use. Other uses will be considered, but other uses would be subject to appropriate Planning consents.

## Marketing

An initial marketing period of 6 weeks would be required as a minimum following the preparation of marketing particulars. Consideration should be given to extending this marketing period across the summer period as the property market traditionally slows during the summer months.

It is recommended that the property be advertised for let by Informal tender process, with tender bids to be submitted by a prescriptive date (to be agreed). Prior to marketing, consideration should be given to whether a price/quality split is required and if so, the percentages agreed in order that quality criteria can be developed and incorporated into the marketing material at the outset. As the site is not as sensitive as some others may be it is recommended that a larger percentage is assigned to value rather than quality 70% value and 30% quality, however instructions will be needed in this respect. The Council will reserve the right not accept the highest or any offer if offers are deemed to be unacceptable in any way.

## Website

It is recommended that a dedicated entry is developed on the Councils "Properties for Sale or To Let" pages with a full set of marketing details and contact details being made available to interested parties. The use of Social Media to advertise the opportunity is also recommended.

## Board

Given the location of the property and the high footfall generated in the area, a board with contact details is recommended and should be placed on the building or given the exposed coastal location of the property, inside the property attached to the window.

## Paper Advertising

It is not recommended to carry out any traditional newspaper advertising as previous experience of the property team is that this is not particularly cost effective and yields a low number of enquiries.

## Recommendations

- 1- That confirmation by the client department is provided that the property has been declared surplus and Cabinet consent is in place to commence marketing the opportunity;
- 2- That a Condition Survey be undertaken – Property Team can facilitate (fees will be incurred);
- 3- That An EPC is sought prior to marketing
- 4- That consideration be given to swapping the property's utilities onto low service charge tariff during vacant period. – Energy Team can facilitate.
- 5- That a marketing strategy is finalised and agreed with the client department.
- 6- That consideration be given to whether a price/quality criteria is required and if so, the % splits be determined prior to marketing.
- 7- That any outstanding compliance items are addressed by the client department.
- 8- That the empty rates period is applied for from the date of vacation.
- 9- That the Estates team is requested to undertake further investigation with planning to determine if any uses should be prohibited and formalise that advice into a planning statement to be included within the details.

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Property

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