

Meeting of:	<b>Cabinet</b>
Date of Meeting:	22 February 2021
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	Proposal to market and dispose of the Train Shed at BSC2, Innovation Quarter, Barry Waterfront
Purpose of Report:	To seek approval to market and dispose of the Train Shed for commercial leisure use
Report Owner:	Deputy Leader & Cabinet Member for Education and Regeneration
Responsible Officer:	Rob Thomas, Managing Director
Elected Member and Officer Consultation:	Head of Regeneration and Planning Operational Manager - Property Committee Reports - Legal Operational Manager – Accountancy Major Projects Manager, Regeneration & Planning Accountant – Regeneration Ward Members – Baruc & Buttrils
Policy Framework:	This is a matter for Executive decision by Cabinet
<b>Executive Summary:</b> <ul style="list-style-type: none"> <li>• The building known as the ‘Train Shed’ forms part of the BSC2. The Vale of Glamorgan Council owns the freehold interest of the property, which is managed by the Regeneration department. The building is located within the Innovation Quarter, which is a Joint Venture between the Vale of Glamorgan Council and the Welsh Government.</li> <li>• The property was previously leased to Barry Railway Engineering Company (BRECO) Limited. This lease was terminated in 2020 and the ‘Train Shed’ is now vacant.</li> <li>• The ‘Train Shed’ at the BSC2 along with a small number of car parking spaces has been identified as an asset which could be used for commercial / leisure purposes, which in turn would add to the offer available in this location. Work has been undertaken to explore a range of potential uses.</li> </ul>	

- The Vale of Glamorgan Council Property Section has undertaken a preliminary marketing report that recommends that the property be advertised for let by informal tender process. Change of use may be subject to the appropriate planning consent.

## Recommendations

1. That Cabinet declares the 'Train Shed' surplus to requirements and authorises the marketing and disposal of the 'Train Shed at the BSC2' and a designated number of car parking spaces to the front of the building by virtue of a lease opportunity.
2. That Cabinet delegates authority to the Head of Regeneration and Planning (in consultation with the Leader, Cabinet Member for Education and Regeneration, Managing Director and the Head of Finance) to market and dispose of the 'Train Shed' (identified edged red in Appendix A), and parking spaces by virtue of a lease for a leisure or other appropriate use, in liaison with the Operational Manager (Regeneration) and Operational Manager (Property).
3. That Cabinet delegates authority to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute all appropriate legal documentation associated with the leasing of the 'Train Shed at the BSC2' for a term of 10 years with a break clause at 5 years
4. That authority be granted to the Head of Regeneration and Planning to utilise the commercial rental income for the maintenance of the building and that any surplus income (after deducting any income due for payment to the Welsh Government in accordance with the IQ Joint Venture) be reinvested into regeneration initiatives.

## Reasons for Recommendations

1. In order to publicise the intention to market and dispose the 'Train Shed' at the BSC2.
2. To authorise the marketing and disposal of the 'Train Shed' property and land for parking (edged red in Appendix A).
3. To enable a lease and all associated legal documentation, to be executed and completed.
4. For the income generated to maintain the building and any surplus income generated to be reinvested into regeneration schemes.

## 1. Background

- 1.1 The Council owns the freehold interest of BSC2, which is located in the **Innovation Quarter** at Barry Waterfront.
- 1.2 The Innovation Quarter is a mixed-use regeneration development extending approximately 19-acres. The Innovation Quarter land was purchased by the Council with Welsh Development Agency grant aid and as a result is the subject of a **regeneration joint venture** between the Vale of Glamorgan Council and Welsh Government.

- 1.3** The Innovation Quarter is at an advanced stage of project delivery. To date the multi million pound development projects delivered include along with the former Skills Centre building:
- the award winning Pumphouse conversion,
  - Premier Inn and Brewers Fayre Restaurant,
  - West Quay Medical Centre,
  - the BSC (Business Services Centre) and
  - the mixed-use conversion of Hood Road Goods Shed property and new ship container village and a new apartment block for Newydd Housing Association.
- 1.4** In addition, the Council is in negotiations with Cardiff and Vale College to deliver a multi-million pound state of the art college campus within the Innovation Quarter.
- 1.5** The BSC2 building is a 1,500msq building adjoining a railway workshop/ training facility constructed at a cost of £2.4million (funded by Strategic Development Scheme, Welsh Development Agency, Local Regeneration Fund and Council). The South wing, which is the subject of this report has been utilised as a training facility by a company called BRECO, since its completion in 1997/8. BRECO vacated the workshop in 2020.
- 1.6** The proposals for the suggested use of the building were taken to the Council's Insight Board where it received support. It was confirmed that the workshop was not required for use by Council staff or services. Appendix A provides a site plan setting out the area edged red that is proposed to be marketed and disposed of for a leisure or other appropriate uses.

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

- 2.1** For the 'Train Shed' to be marketed, all elements of building regulations compliance will be addressed such as fireproofing works which are being actioned to enable the letting of the business units in the BSC2. The BSC2 will be renamed as part of this redevelopment.
- 2.2** A lease term of ten years with a break clause of five years is proposed to be offered to the market.
- 2.3** An estimated four parking spaces at the BSC2 should be included as part of the lease to create a viable offer for any commercial venture. The location and exact number of these spaces will be determined as part of a design exercise.
- 2.4** It is noted that the Council would currently receive 43.3% of the income from any lease, with the remaining 56.7% awarded to the Welsh Government, in relation to the Innovation Quarter Joint Venture Agreement between the Council and the Welsh Government. It is proposed that any surplus income be reinvested into to regeneration projects.

- 2.5 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 Train Shed provides a space in which to create leisure opportunities which complement the offer in the Innovation Quarter for those in the Vale and beyond.
- 3.3 The rental income will ensure the building which is at the core of the Innovation Quarter remains in a good condition and of benefit to the community.

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

#### **Financial**

- 4.1 The letting of the 'Train Shed' presents the opportunity to generate a revenue stream for the Council. Currently 56.7% of the income from any leases would be paid to Welsh Government in line with the existing IQ Joint Venture Agreement. Surplus income (after deducting income due for payment to the Welsh Government) going back into regeneration initiatives. Tenants to be responsible for repairs and maintenance as part of the lease obligations
- 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 negotiating and 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 The property and its site are in freehold ownership of the Vale of Glamorgan Council.

- 4.5** The property is the subject of the Innovation Quarter Joint Venture and therefore the proposal to market and dispose of the Train Shed is subject to agreement with the Welsh Government.
- 4.6** It is recommended that Cabinet delegates authority to the Monitoring Officer/Head of Legal and Democratic Services to prepare, complete and execute the appropriate legal documentation to dispose of the 'Train Shed' by virtue of a 10-year lease agreement. The Property will be advertised and marketed openly and bids will be assessed against set criteria outlined out in the marketing brief and tender documents.

## **5. Background Papers**

None.

Appendix A: Site plan

