

Matter which the Chair has decided is urgent in order to ensure that the chosen strategic option can be enacted within the expected timescales.

Meeting of:	Cabinet
Date of Meeting:	Thursday, 25 January 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Vale of Glamorgan Enterprise Centre
Purpose of Report:	To consider strategic options for the Vale of Glamorgan Enterprise Centre and to obtain authority for a way forward
Report Owner:	Deputy Leader and Cabinet Member for Sustainable Places
Responsible Officer:	Director of Place
Elected Member and Officer Consultation:	Head of Finance / S151 Officer Operational Manager, Legal Services Operational Manager, Accountancy Operational Manager, Property Services Finance Support Manager, Place Legal Committee Reports
Policy Framework:	This is a matter for Executive decision
Executive Summary: <ul style="list-style-type: none"> • This report sets out strategic options for Cabinet to consider around the future of the Vale Enterprise Centre. • The Centre has been operated by the Council as a business centre, offering basic workshops and offices at a lower than market rental. • The Vale Enterprise Centre is old, beyond economic repair, mainly vacant and deteriorating with the buildings coming to the end of their economic and physical life. The repairing obligations fall on the Council under the terms of its lease with Hexion and the Council therefore have an ongoing liability in this regard, limited by a Schedule of Condition attached to the lease. Changing legislation also means that significant investment would be required to bring the accommodation up to a legal lettable standard. • The Council occupies the VEC by virtue of a lease signed in 1997. This was subsequently renewed in 2009. The lease expires on 19th April, 2045. Hexion Speciality Chemicals UK Limited (now 	

known as Bakelite) is the Council's landlord. Hexion hold the land under a long lease with the superior leaseholder St Modwen, who have their own lease with the freehold owners Associated British Ports (ABP).

- This report sets out the strategic options for consideration by Cabinet.
- This Part I report should be considered alongside the Part II report.

Recommendations

1. That Cabinet consider the Strategic Options for the Vale Enterprise Centre.
2. That the contents of the report be noted and considered in connection with the Part II report on this agenda.
3. That the use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution be used in respect of recommendations contained within the Part II report.

Reasons for Recommendations

1. To inform the decision of Cabinet
2. To allow the Part I and Part II reports to be considered together.
3. To ensure that the chosen strategic option can be enacted within the expected timescales.

1. Background

- 1.1 The Vale Enterprise Centre (VEC) comprises three phases of mainly brick built single and two storey buildings, constructed in the late 1960s / early 1970s which have been sub-divided to provide individual office and workshop units.
- 1.2 The buildings form part of the original larger chemical works site which once dominated this part of Barry, and which continues nearby with Dow, Dow Corning, and Cabot Chemicals. The Vale Enterprise Centre forms part of the south-eastern sector which is now mainly redundant following the closure of BP Chemicals (latterly Ineos), Zeon Chemicals and the Centrica gas fired power station which has recently been demolished.
- 1.3 The Council pays an annual rental as part of its lease which is renewable (upwards only) every 5th year.
- 1.4 Vale Enterprise Centre overview:
Phase 1 Workshops 21 units
Phase 2 Offices 25 units
Phase 3 Mixed offices and workshops 17 units
4.4 acre Site with 32,575 sq. ft of lettable space
Units operate on a low rent easy in / easy out 1 month tenancy terms
- 1.5 It is not in the public interest to disclose the content of the report at this juncture as dependent upon the option decided upon it is likely that legal negotiations and or proceedings will need to be entered into, which could be prejudiced the same by the disclosure of this information.

2. Key Issues for Consideration

- 2.1** The current condition of the Vale Enterprise Centre is deteriorating and requires significant investment to reach a lettable standard.
- 2.2** **Roofs** - the roofs are at the end of their lives and require replacement. In recent years there has been significant water ingress resulting in damaged stock and flooded units. The Council have in the past employed a roofing contractor to organise reactive patch and repair. Whilst that work was successful, subsequent leaks have developed elsewhere creating other water ingress issues. The roofs are at the end of their lives and require replacement. Patch and repair is no longer an option going forward. The cost of replacing the roofs on all phases was estimated at £440,000 (historic 2021 cost). Taking inflation into account, this figure will be significantly higher now.
- 2.3** **Energy performance Certificates (EPCs)** – The top floor of Phase 2 is unlettable due to the units failing their EPC assessments. Without a new roof it would be impossible to re let empty units due to the lack of insulation. Several units in Phases 1 and 3 are also unlettable due to EPC poor Assessments. EPC legislation was brought in after the lease was renewed in 2009. From 1st April, 2023 buildings must have a minimum of ‘E’ rating before it can be let. There is also a proposal to legislate so that buildings cannot be let without a minimum EPC rating of ‘C’ by 1st April, 2027 and ‘B’ by 1st April, 2030 (legislation not yet enacted). Whilst exemptions may be available on economic viability (7-year payback) it may be difficult for the Council to pursue that exemption. Therefore, many units could become unlettable under this legislation.
- 2.4** **Fireproofing** - Phases of the VEC are now in breach of fire safety regulations due to holes in the fabric and historic unauthorised alterations by tenants which were not have approval from the Council. It has been estimated that the cost of bringing the units up to regulations would be more than £200,000. Several of the units require external escape access due to difficulties around internal fire escape routes. This would be an additional cost to the council to install these in line with regulations.
- 2.5** **Site maintenance** – Tenants currently pay a low rental cost and no service charge for the site, leading to challenges around cost of rubbish clearance, site maintenance & fly tipping. The Council repeatedly reminds tenants of their obligations to keep corridors clear of fire hazards. This represents a significant risk to the council and managing the situation is resource intensive in terms of officer time.
- 2.6** **Site constraints** - the site is in a C2 Flood zone, which provides challenges around how fit for purpose the buildings are and the potential for flood defences being required in the future. The buildings are not watertight, and, in the 2021 flood, water entered corridors and units. The cost of trying to rectify this would be substantial and is not accounted for in the current redevelopment estimates.

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

- 3.1 Five Ways of working and Wellbeing Objectives are addressed in the Part II report.

4. Climate Change and Nature Implications

- 4.1 Climate change and Nature implications are addressed in the Part II report.

5. Resources and Legal Considerations

Financial

- 5.1 Financial matters are addressed in the Part II report.

Employment

- 5.2 Employment matters are addressed in the Part II report.

Legal (Including Equalities)

- 5.3 Legal matters are addressed in the Part II report.

6. Background Papers

None.