

- 2010.

CYNGOR SIR POWYS COUNTY COUNCIL

**BOARD
2010**

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Environment & Regeneration

**Cllr Stephen Hayes, Portfolio Holder for Corporate
Governance & Corporate Property**

SUBJECT: Former Trawsffordd Offices Building, Ystradgynlais

REPORT FOR: Decision

1.0 Summary

- 1.1 This report seeks to consider the future of the former Council Offices at Trawsffordd, Ystradgynlais.
- 1.2 Since Powys County Council vacated the building in 2009 the asset has been unoccupied. A valuation in 2008 indicated the building has a market value of £200,000. Consideration needs to be given to either:
1. Realising the capital asset value by selling the property; or
 2. Leasing out the building to a local business thereby encouraging local employment and increasing training provision in the area. The income received on the property would be £9,500 (net of management charges) per annum (£28,500 over 3 years). The proposed tenant is also prepared to invest a total of £30,300 in the property in terms of maintenance costs.

2.0 Background

- 2.1 The Former Trawsffordd Offices Building is located on the B4599 in Ystradgynlais. It forms part of the Trawsffordd Industrial Estate adjacent to the Powys County Council Trawsffordd Workshops (business units). The building consists of two floors of office space and a large workshop / industrial unit at the rear. The total floor space of the building is 458m².
- 2.2 In July 2009, Board decided to postpone the disposal of the building to allow a social enterprise to develop a Business Plan to take ownership of the building. The social enterprise aim was to tackle the problem of high economic inactivity rates in the area by providing skills-based training for local residents. The asset transfer would have been subject to the development of a commercial business model and evidence of its contribution to the objectives of the Western Valleys Initiative.

3.0 SA9 Skills Centre

- 3.1 Officers have been working with a cross border partnership to facilitate the development of a 'SA9 Skills Centre' social enterprise. This included developing a viable business model and a skills-based training programme. The Western Valleys SRA funded Neath Port Talbot Business Connect to prepare a Business Plan before consideration could be given to funding the enterprise itself. However, the Business Plan indicated that finding sustainable income streams to support the proposed training activity would be difficult. The building does not have sufficient floor space to both generate income and support the proposed training activity. Consultation with training / education providers also indicated that the Trawsffordd building was not ideally suited for the proposed use and a new, purpose built facility would be more appropriate.
- 3.2 Consequently, the required business case for an asset transfer was not achievable. However, officers have continued to contribute to the cross border partnership with Neath Port Talbot in the education and regeneration sectors to deliver a skills training provision in the area. This work will need to involve the identification of a new or existing facility to host the provision.
- 3.3 Discussions with Powys County Council Schools & Inclusion, Coleg Powys, Powys Training and other providers are ongoing to progress this project and to develop a suitable facility. All partners are committed to developing the provision in the area and the current options include a purpose built facility at the Ysgol Maesydderwen site if funding can be obtained.

4.0 Office Accommodation Need in the Business Community / Powys County Council Workspace Review

- 4.1 As part of the Western Valley's Strategic Regeneration Area, Hyder Consulting undertook a study of business accommodation in Ystradgynlais and the surrounding area. This study was a comprehensive assessment of the existing five business parks surrounding Ystradgynlais (including Trawsffordd) and it outlined future actions to improve the provision in the area.
- 4.2 A key finding of the report was that 'office space is in very limited supply' and feedback from the Welsh Assembly Government Department for Economy and Transport was that there is a need for rental office workspace to encourage the development of the knowledge economy (education, skills and training) in the area. One of the key recommendations of the development study is that the public sector should take a lead on the development of business workspace in the area.

- 4.3 A review of Powys County Council's business workspace provision has also been commissioned. The appointed contractor GVA Grimley Ltd. will provide Members with a strategy for Powys County Council's future role in workspace provision and options for the current portfolio of workspace. The draft report has been received and Members' decisions will need to be implemented by April 2012 when the current workspace management contract expires.
- 4.4 The only office space used at the moment at Trawsffordd is at the workshops site (the former Business Eye offices) which now accommodates Caremark, Tydfil Training and Powys CC staff. All other units are industrial. Under the Western Valleys Strategic Regeneration Area, the Council is working to establish the Job Match initiative in the area to provide assistance with people returning to work. Accommodation will also be required for the Job Match team.

5.0 Proposal

- 5.1 Following the decision on 13 August 2010 to declare Trawsffordd as surplus, it was agreed that the property would be valued and a condition survey undertaken. It also gave the opportunity for the property to be internally advertised and for the Regeneration Service to complete an evaluation of alternative uses of the building.
- 5.2 Early in September 2010 the Authority was approached by a local business who showed an interest in the Trawsffordd building.
- 5.3 The company, FFL Services Ltd, intends to expand their present business by establishing a specialist retail outlet selling chain saws, strimmers and Health and Safety Workwear. The proposal includes signing a three year full repair lease for the expansion of his existing business which is currently located at the Ystradgynlais workshops. Officers understand that applications for building control and planning consent will be required prior to the business trading. Officers have been informed that this will take up to 6-8 weeks.
- 5.4 All repairs and renewals will be met by the tenant which includes establishing a large show room 56.88 sq (m), a trade counter and storage space for stock and administration.
- 5.5 The upstairs will be converted into training rooms and a conference centre. The Proprietor of the business intends to provide training in all associated uses of specialist tools and has already had several requests from specialist companies to sell their products. As part of the proposed agreement the tenant proposes to carryout repairs over the three years of the initial lease. (Costings are attached)

6.0 Corporate Improvement Plan

- 6.1 The proposal would contribute to the priorities of the Powys Change Plan in terms of helping to deliver the regeneration agenda and the assets programme board.

7.0 Options Considered / Available

- 7.1 Two options have been considered as outlined below:

7.2 Option 1 - Sale of Asset

Realise the capital asset value by selling the property on the open market (either whole or in part). The estimated value in December 2008 was £200,000 with vacant possession for the whole unit however, the price achieved will be subject market conditions at the time of sale (commercial property prices in the area have declined during this time). It would be possible for the unit to be split into the offices and workshops so that the offices could be sold.

- 7.3 Should the property be sold in its current condition it may or may not realise its market valuation. The Service would also lose the option for future uses of the building and the short term needs of businesses in the area for office space might not be met.
- 7.4 Disposal of the building prior to GVA Grimley's final recommendations being available may have an impact on the remaining workspace portfolio and the provision of suitable knowledge economy workspace in the Ystradgynlais area. The future uses for the asset would be much better addressed as a whole, taking into account all assets.

7.5 Option 2 - Lease out building

A local business had expressed an interest in leasing the building which would support and encourage the development of local employment and training opportunities with the creation of an additional five jobs.

- 7.6 The building would be used for regenerate and expansion purposes and would generate income of £9,500 per annum. The tenant would also fund the maintenance costs of the building and has identified works equivalent to an investment of plus maintenance costs of £30,300. The proposed tenant is prepared to sign a three year lease and in doing so will create five new jobs.

8.0 Preferred Choice and Reasons

- 8.1 As the property has potential to support local businesses by offering much needed office accommodation in the area (and also a revenue stream for the Service) the preferred option would be to retain the building and to let it as outlined above in Option 2.

- 8.2 This option is recommended as there are no other options available that would advance the project in the short term. Failure to pursue the above proposal would result in the loss of a proposed expansion to a local business and of additional income to the Authority. It would also vacate a unit on the existing workshops and there are currently firms on the waiting list for which the Unit may be suitable.
- 8.3 An early re-letting would limit the short term loss of income from this source. Letting of the Trawsffordd property would also relieve the Authority of an immediate property liability and provide a long term occupier, thereby safeguarding and enhancing this asset for at least three years.
- 8.4 The emerging draft Workspace Strategy (prepared By GVA Grimley) recommends that the disposal of the Council's industrial property is likely to return relatively low receipts.
- 8.5 The Ystradgynlais workshops have the largest gross income but also a fluctuating net income. Current market conditions and lack of investor appetite for generally poor quality investments is likely to deter investors and reduce values..

9 Sustainability and Environmental Issues / Equalities / Crime and Disorder / Other Policies

- 9.1 The proposal will contribute to the sustainable use of existing buildings by retaining the property and continue to support local businesses.

10 Comments of Local Member(s)

- 10.1 Comments received from local Members and the Portfolio holder for Corporate Governance and Corporate Property will be reported at the meeting.

11 Other Consultations Undertaken

- 11.1 The views of the Strategic Director Finance and Infrastructure (s.151. Officer) and of the Strategic Director Law and Governance (Monitoring Officer) have been sought and any comments received will be reported at the meeting.
- 11.2 The Property Manager supports the recommendation to rent the building in the short term as there is a true business need for office accommodation in the business community.
- 11.3 The Principal Accountant for Community, Skills and Learning comments that option 2 will realise additional income for the Authority. The current income levels expected for the whole of the Regeneration workshop portfolio are below the budget set, this additional income will help to reduce the shortfall.

- 11.4 The Senior Valuer has been consulted and any comments received will be reported at the meeting.

12 Communications

- 12.1 The views of the Portfolio Holder for communications have also been sought and any comments received will be reported at the meeting.

Recommendation:	Reason for Recommendation:
To approve Option 2 listed above to retain the asset into the Regeneration and Development Service's portfolio of business workspace and to lease the premises to suitable tenant that has approached the Service for a 36 month period. This arrangement should be reviewed after 36 months and take into consideration the Workspace Review.	To meet an identified local need for business office accommodation, support the creation of new employment opportunities in the locality, generate a revenue stream for the Service and allow a strategic evaluation of assets to take place.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	S.Davies, J.Steadman, S.McNicholas, G.Gwillim & K.Pathak
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Person(s) To Implement Decision:	Tom Addey
Date By When Decision To Be Implemented:	November 2010

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Background Papers used to prepare Report:

Annex 1	SA9 Skills Centre Business Plan
Annex 2	Upper Swansea Valley Business Unit Development Study
Annex 3	Plan of Building
Annex 4	Renewal and repair costs.