

CABINET

11 FEBRUARY 2015

ENTERPRISE CENTRE, STREET CARE DEPOT AND STORAGE PREMISES,
WINCHESTER

REPORT OF HEAD OF ESTATES

Contact Officer: KEVIN WARREN Tel No: 01962 848528

RECENT REFERENCES:

CAB 2027 – DEPOT UPDATE- 9 July 2010

CAB 2072 – DEPOT UPDATE – 13 October 2010

CAB 2172 – PROPOSED NEW DEPOT BARFIELD CLOSE, WINCHESTER – 15
June 2011

EXECUTIVE SUMMARY:

The report updates Members on an opportunity which has arisen to take a surrender of the lease of the former Goods Shed on Barfield Close, Winchester which is let to European Metal Recycling for use as a scrap yard, but currently occupied by TJ Waste who use the premises for recycling paper and other recyclable materials.

The surrender of the lease enables the Council to secure a number of operational and policy objectives, including: the provision of an enterprise centre for the development of small creative businesses; the development of a number of small light industrial units to let to small and emerging businesses; the relocation of the museums reserve store currently situated in the Bar End Depot to F2; the development of a replacement depot for the Streetcare Team; , the relocation of the artists from Matley's Yard into more suitable premises and a new warehouse at Matley's Yard to enable the storage requirements of the Council currently located in F2 to be relocated to allow for the transfer of the museum artefacts to that property.

The project would also include works to the chalk bank at Matley's Yard to cut this back to an angle which will prevent it collapsing into the yard below. Although the bank forms part of the Rack Hill open space it would be appropriate to undertake these works in conjunction with the redevelopment of Matley's Yard.

RECOMMENDATIONS:

- 1 That the Council accept the surrender of the Lease and Sub-Lease of the former Goods Yard, at Barfield Close Winchester, with effect from 28 February 2015.
- 2 That the sum detailed in exempt appendix D be accepted from EMR in settlement of the dilapidations claim on the property.
- 3 The principle of redeveloping the former Goods Shed into an enterprise centre for the relocation of the visual arts facility currently at Matley's Yard and to foster small creative businesses be supported for further investigation.
- 4 That the Council work with the current tenants of "The Yard" and other agencies/organisations to investigate the options for the management and letting of space in the proposed enterprise centre.
- 5 That opportunities for grant funding towards the cost of the development be explored.
- 6 That the principle for developing a number of light industrial units in the former Goods Yard for letting on "easy in easy out" terms to small and emerging enterprises be supported for further investigation .
- 7 That the principle of developing a small depot for the Streetcare and Pest Control Teams in an extension to the former Goods Shed, enabling them to be relocated from the Bar End Depot site, be supported for further investigation .
- 8 That the principle of demolishing the three existing Matley's Yard industrial units replacing them with three modern light industrial units be supported for further investigation.
- 9 The principal of using two of the new units at Matley's Yard as an Election store and for the storage of, Council paper records and other facilities storage is supported to enable these items to be relocated from F2.
- 10 Following the transfer of Council storage from F2 to the new premises at Matley's Yard, the transfer to F2 of the items held in the museums reserve store at the Bar End Depot is approved. The entire premises will then be let to the Hampshire Cultural Trust, who will relinquish tenancy of the Bar End depot site.
- 11 That consulting engineers are appointed to advise on the extent, cost and design of works necessary to stabilise the cliff face at Rack Hill.
- 12 That the sum of £40,000 from the AMP Revenue budget is approved to appoint consultants to undertake: land surveys of the Goods Yard and Matley's Yard/Rack Hill, architects to develop the design of the new property,

cost and environmental consultants and consulting engineers, to assist in the preparation of a scheme and the development of the business case for consideration by Cabinet.

- 13 That the principle of funding the Enterprise Centre and small light industrial units outlined in the report using Prudential Borrowing be supported, subject to a detailed financial appraisal confirming that the proposals (excluding the Rack Hill works) would meet the Council's required value for money and prudential code criteria.

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ENTERPRISE CENTRE, STREET CARE DEPOT AND STORAGE PREMISES, WINCHESTER

REPORT OF HEAD OF ESTATES

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DETAIL:

1 Introduction

- 1.1 At its meetings of 9 July 2010 and 13 October 2010 Cabinet approved the relocation of the existing Council Depot to new premises to be built at Barfield Close. The reports also noted that before the old depot site could be re-developed, it would be necessary to relocate the museums reserve store and elections store. The reports identified that a budget of between £450-500,000 would be required to purchase a building for the relocation of the artefacts and £200,000 for an election store, with stamp duty in addition. It was also estimated that fit out works costing £100,000 would be required.
- 1.2 As work on tendering the Depot Services contracts developed it was identified that services such as Pest Control and numerous small but essential pieces of work would not be of interest to contractors bidding for the main service contracts. The services would need to be continued and a decision was made to set up a small works team to be known as the Streetcare Team to carry out this role and for Pest Control to be brought back in house.
- 1.3 Consequently premises would be required for the in-house teams and at its meeting of 15 June 2011, Cabinet approved the principle of letting the former Angian workshops and offices situated at the entrance to the new Depot to the Streetcare and Pest Control Teams.
- 1.4 Since the new in-house teams were set up the work they undertake has expanded to a greater extent than was originally anticipated and the Angian Workshops and Offices were no longer considered to be large enough on their own to accommodate the service needs. Consequently both services have remained in occupation of parts of the depot while the long term use of that site was being considered by Members. Clearly if the site was to be developed for a leisure centre or other commercial use, it would be necessary to secure vacant possession of the site.
- 1.5 Members will be aware that the Museum Service is now delivered by the Hampshire Cultural Trust, which was established jointly by the City and County Councils. Under this Trust the City Council remains responsible for funding the accommodation needs of the former Winchester Museums.

Consequently it is necessary for the Council to meet the cost of relocating the museums reserve store.

- 1.6 The Cultural Trust already occupied two thirds of the Council's leased storage facility at F2, with the other third used by the Council for storage purposes. Now that the Trust is a separate entity, it would make sense for all of the reserve collections to be under one roof and indeed Members have previously approved the use of funding to disperse unwanted materials at Bar End (following archaeological analysis) in preparation for such a move. In the event that at some point in the future the Trust decided it no longer required the use of F2 it would be more straightforward to dispose of the whole building than if the Council still required occupation of part of it for its own purposes.
- 1.7 The Council has for some years been seeking to demonstrate its support for small and emerging businesses by securing the development of an enterprise centre. Research was conducted in 2013 to identify the existing provision of suitable commercial space across the District, and identifying the currently unmet workspace requirements for Winchester's businesses, including those in the creative industries. This report may be viewed at www.winchester.gov.uk/business/economic-development/ It has not been easy to identify suitable, available space for such a centre, until now.

PROPOSAL FROM EMR/TJ WASTE

- 1.8 Numerous opportunities have been investigated by the Estates Team for resolving these operational and policy requirements, but without success. Last year the Council was approached by TJ Waste, the sub-tenant of European Metal Recycling (EMR), who held a lease of the former Goods Yard in Barfield Close, Winchester, which commenced on 1 April 1995 and was due to expire on 29 May 2017. The former Goods Yard had been let as a scrap yard since the railway was dismantled in the late 1960s. The scrap yard use was a reasonable use of the land following the closure of the railway. The scrap business has changed significantly in recent years, with the majority of small community-based scrap yards closing.
- 1.9 TJ Waste were granted a sub-lease of the property by EMR on 27 November 2009 for the purposes of sorting and packing recyclable material. The company was seeking to expand its operations at the property, but an opportunity arose for it to acquire an interest in Dudman's Wharf, Southampton, which better suited the company objectives.
- 1.10 Having secured the lease of more suitable premises, TJ approached the Council to explore whether they might surrender their sub-lease to the Council. TJ were advised that if they were able to persuade EMR to surrender their head lease and to put the premises back into good repair in accordance with the terms of the lease, the Council would be recommended to agree to a surrender to enable a more beneficial use to be made of the property and to remove the risk of the scrap yard being re-opened.

- 1.11 After lengthy negotiations with EMR, a proposal was received from them on 26 January which is detailed in exempt appendix D. It is recommended to Members that this proposal be accepted.

DEVELOPMENT REQUIREMENTS

- 1.12 The surrender of the Goods Yard lease to the Council enables an inter-linked solution to be developed to a number of operational problems facing the Council:
- The Council has a longstanding objective to provide support for small and emerging business in the District.
 - To secure vacant possession of the depot it is necessary to relocate the museums reserve store, Pest Control Team and the Streetcare Team
 - To enable the museums reserve store to be relocated from the Bar End Depot, it is necessary to relocate the Council's storage at F2 somewhere else
 - The Council's storage ideally needs to be located in freehold premises close to the Council offices
 - The Streetcare/Pest Control Teams need secure self-contained premises which can be operated out of hours if need be
 - Premises at Matley's Yard are let to a number of visual artists, but the premises are at the end of their economic life and require replacement
 - The Cliff forming part of Rack Hill, overlooking Matley's Yard is unstable and requires stabilisation to avoid further rock falls
- 1.13 Plans of Matley's Yard/Rack Hill and the Former Goods Yard are contained in Appendix A.
- 1.14 The requirements of Council storage and the Streetcare, Pest Control and Parking Services teams have been considered by the Facilities Manager. The individual service requirements have been set out below:

Service Unit	Current Space	Proposed Space
Streetcare	330 sq m with parking for 2 Transit flat bed, 1 Transit box wagon, 1 Ford Connect, 1 large tanker	230 sq m with parking for 2 Transit flat bed, 1 Transit box wagon, 1 Ford Connect, 1 large tanker

Pest Control	10 sq m with sink	10 sq m with sink
Total	340 sq m	240 sq m
Elections	65 sq m	65 sq m
Records Archive	108 sq m	140 sq m
Furniture/Equipment Store	190 sq m	160 sq m
Sports Team	8 sq m	8 sq m
IMT	1.5 sq m	1.5 sq m
Parking	40 sq m	10 sq m
Total	412.5 sq m	384.5 sq m

DEVELOPMENT PROPOSALS

- 1.15 The opportunities presented by the proposed surrender of the lease of the Goods Yard are that the goods shed might be converted into an enterprise centre for the creative industries, in support of one of the five core sectors in the Council's Economic Strategy.
- 1.16 Winchester has two universities producing hundreds of graduates with degrees in creative disciplines each year. Southampton University's Winchester School of Art produces over 200 graduates a year and both universities place increasing importance on post graduate support to help former students find employment. Officers will be working closely with the universities to develop ways of offering access to the premises for graduates seeking to develop new businesses in the arts and creative industries.
- 1.17 The former Goods Shed is a characterful building with high eaves which might be developed to include a mezzanine floor. Following discussions with local artists, Southampton University, Arts Council England South West and operators of similar facilities elsewhere in Southampton and Eastleigh, a sketch of how the building might be developed into an enterprise centre for the creative industries has been prepared by the Development - Building Surveyor and is set out at Appendix B. The opportunity arises to extend the modern addition to the former Goods Shed to create a small depot for the Streetcare/Pest Control teams with a small yard for parking vehicles. The rear part of the former Goods Yard is shown as being developed with a number of portal framed light industrial units, which could provide up to seven small units or a smaller number of larger units dependent upon market demand.

- 1.18 The artists currently occupying space at Matley's Yard could be offered the opportunity to move on a more permanent basis to the new centre. Discussions with the principals suggest that they would be very pleased to move from the poor quality premises to the new ones and to take an active role in their management subject to the agreement of suitable terms. However, it is proposed that the enterprise centre would accommodate a wider range of high –end creative businesses and potentially also provide solutions for the perennial local difficulty in identifying production and rehearsal arts organisations and practitioners. Further consultation on the exact design of the facility is proposed with creative organisations and agencies in the area, in collaboration with the Council's Economy and Arts Team' always accepting that the resulting use must be commercially viable, to enable prudential borrowing to be used to fund the development.
- 1.19 Following the relocation of the artists, the redevelopment of Matley's Yard becomes possible. Appendix C sets out proposals for how this site might be developed to provide three modern light industrial/storage units. Discussions with some of the neighbours suggest that they would welcome more modern, tidy premises being built, particularly if this could deliver pedestrian access and vehicular access to those rear gardens where this was possible. Further consultation will be held with residents as the proposals are developed in more detail. Local Ward Members have been briefed on the opportunities outlined in this report.
- 1.20 Two of the units would be used for long term Council storage, a use which would be unlikely to cause annoyance to neighbours, while the third unit could be let out to a suitable light industrial/ storage occupier. Residents would be consulted in detail on the proposals and while the works were being undertaken, the opportunity would be taken to resolve the issue with the bank forming part of Rack Hill. This work is essential and while it is separate from the redevelopment of Matley's Yard, it would be more cost effective to undertake this work at the same time. In order to carry out the works to the cliff it will be necessary to appoint a structural engineer to advise on their extent, cost and specification.

CONCLUSIONS

- 1.21 The surrender of the lease provides the possibility of devising a solution to a number of current property issues the Council has to address. In order to develop a full business case for the proposals detailed above it will be necessary to appoint a number of consultants to produce surveys, designs, consider contamination implications and to assess costs. It is estimated that this work will cost £40,000 to complete. Following the completion of the feasibility works a detailed business case will be presented to Cabinet for consideration.

OTHER CONSIDERATIONS:

- 2 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 2.1 The project is relevant to the Active Communities, Prosperous Economy, High Quality Environment themes and to the delivery of an Efficient and Effective Council.

3 RESOURCE IMPLICATIONS:

- 3.1 In the first instance a budget of £40,000 is required to meet the cost of developing the business case for the projects referred to in the report. This budget will be met from the AMP revenue budget for 2015/16.
- 3.2 The Council has powers under S111 Local Government Act 1972 to provide accommodation for its own use in connection with the exercise of its statutory functions.
- 3.3 The enterprise centre and light Industrial units for small businesses will be let at best consideration under S123 Local Government Act 1972 and so can be constructed under S2 Local Authorities (Land) Act 1963; powers to erect buildings for the benefit or improvement of the Council's area.

4 RISK MANAGEMENT ISSUES

- 4.1 If the surrender of the lease of the former Goods Yard is not accepted, the Council will have to acquire property elsewhere in the City to facilitate its objectives. There is a considerable risk that it will not be possible to find alternative premises in the timescale required.
- 4.2 There is a risk that the cost of the project exceeds the current estimates. The risk of this will be mitigated by preparing a detailed business case for the project.
- 4.3 By not accepting the terms of the surrender there is a risk that the tenant will accept a surrender of the lease from the sub-tenant and return the site to scrap yard use. This can be mitigated by accepting the surrender on the terms negotiated with the tenant.
- 4.4 The former Goods Shed building is in the same condition internally as it was when it was in use by the railway. There is a risk that the premises if re-let attract a low value storage or distribution occupier. The risk of sub optimal use of the site arising can be mitigated by undertaking a redevelopment of the site.
- 4.5 If the site were sold there is the risk that the former Goods Shed would be demolished. This risk can be mitigated by the Council undertaking a development of the site itself.
- 4.6 The premises at Matley's Yard have reached the end of their economic life. There is the risk that it will be necessary to terminate the tenancy of the buildings without being able to make alternative arrangements for the artists. This risk can be mitigated by undertaking the developments proposed in the report.

- 4.7 There is the risk that the development of small and emerging businesses in the City will be hampered by the lack of suitable space. This risk can be mitigated by developing business units for letting on flexible terms.
- 4.8 There is a risk that the site of the former Goods Shed and Yard is contaminated as a result of its historic rail and scrap yard uses, with the potential to have an impact on the cost of developing the property.

BACKGROUND DOCUMENTS:

Research was conducted in 2013 to identify the existing provision of suitable commercial space across the District, and identifying the currently unmet workspace requirements for Winchester's businesses, including those in the creative industries. This report may be viewed at www.winchester.gov.uk/business/economic-development/

APPENDICES:

Appendix A Location plans of Matley's Yard/Rack Hill and the former Goods Yard

Appendix B Sketch development proposals for the former Goods Yard

Appendix C Sketch development proposals for Matley's Yard

Appendix D (Exempt) Letter from EMR

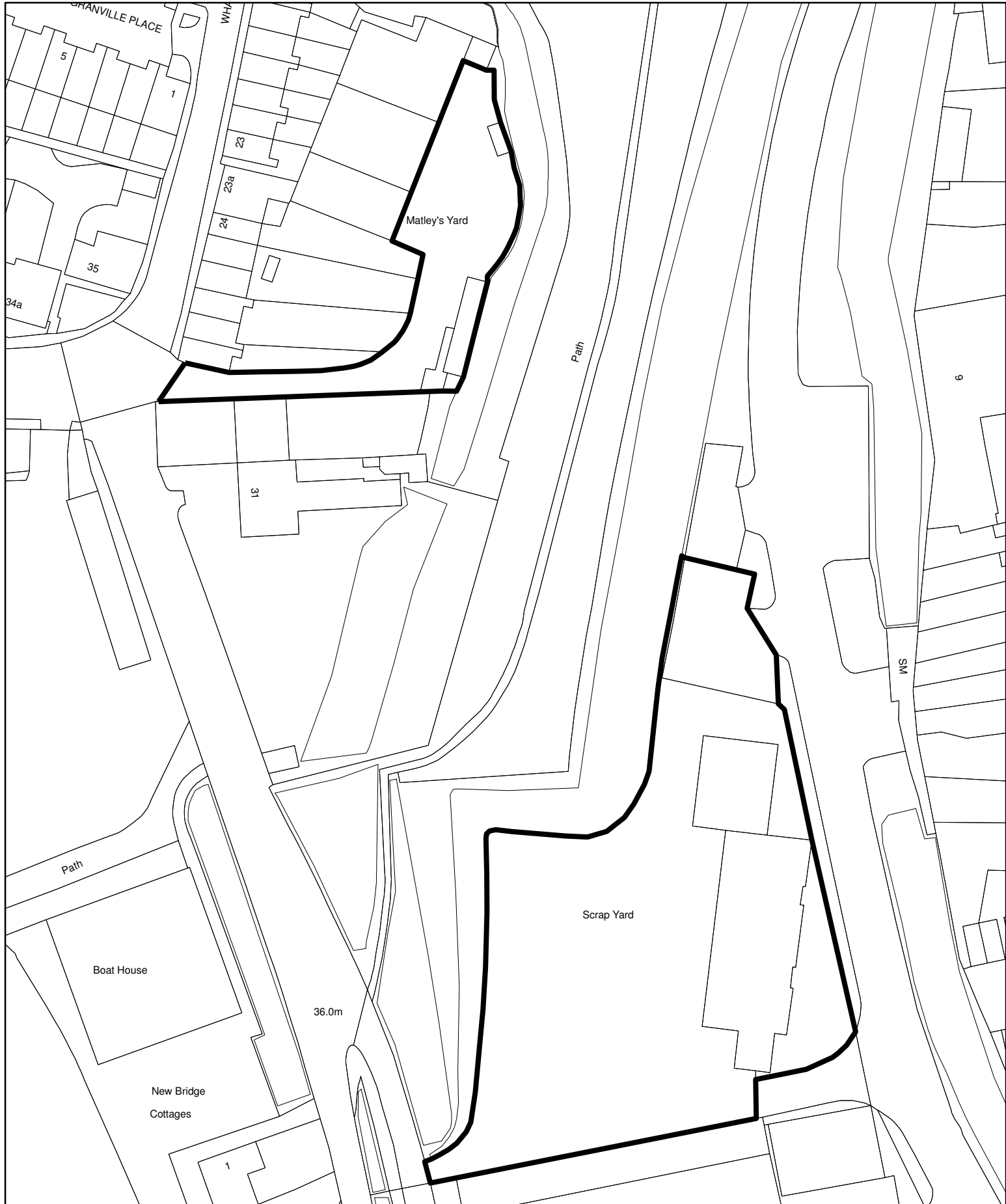


Winchester City Council
Estates Division

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Date:- 02/02/2015

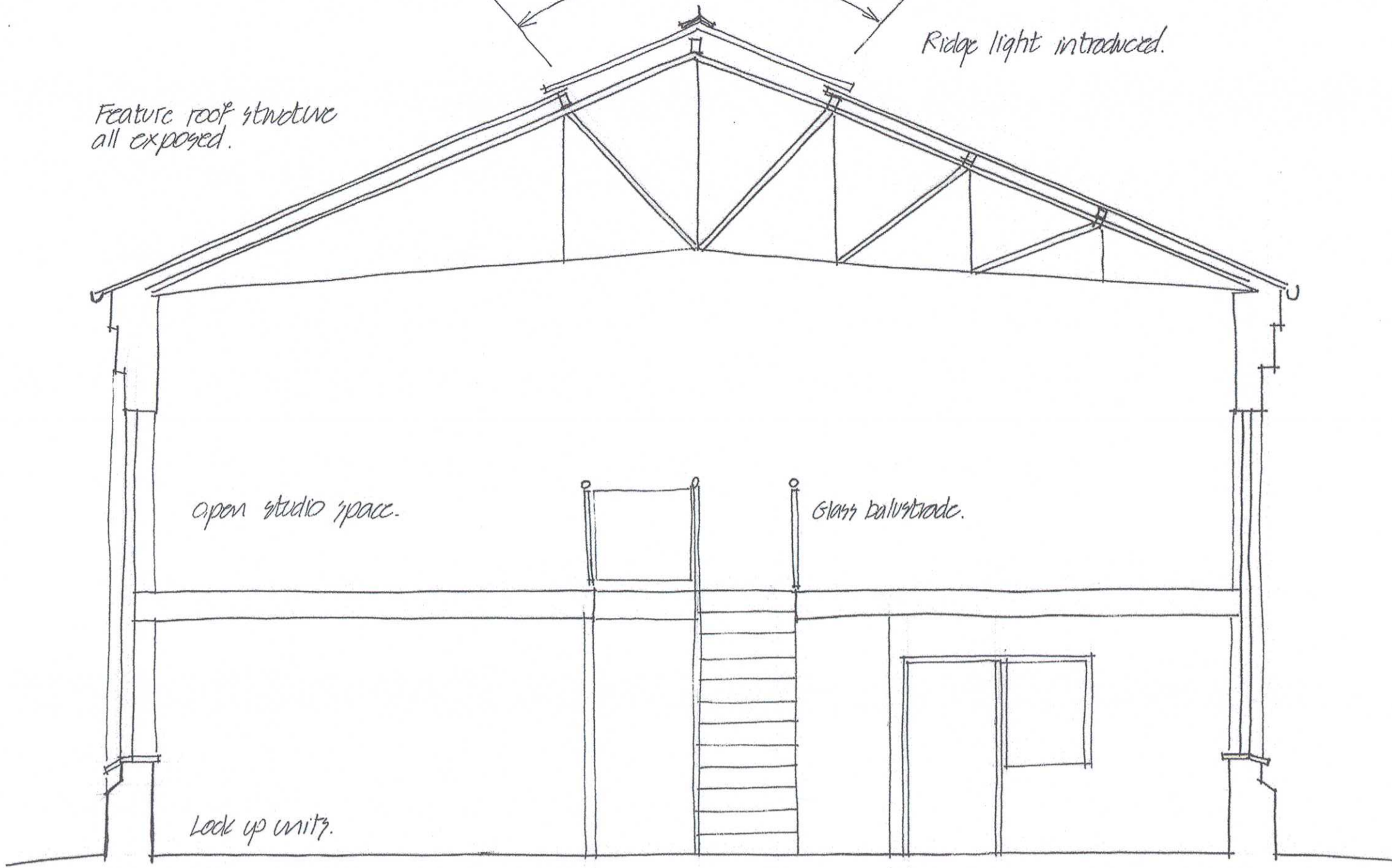
Map Ref:-4828

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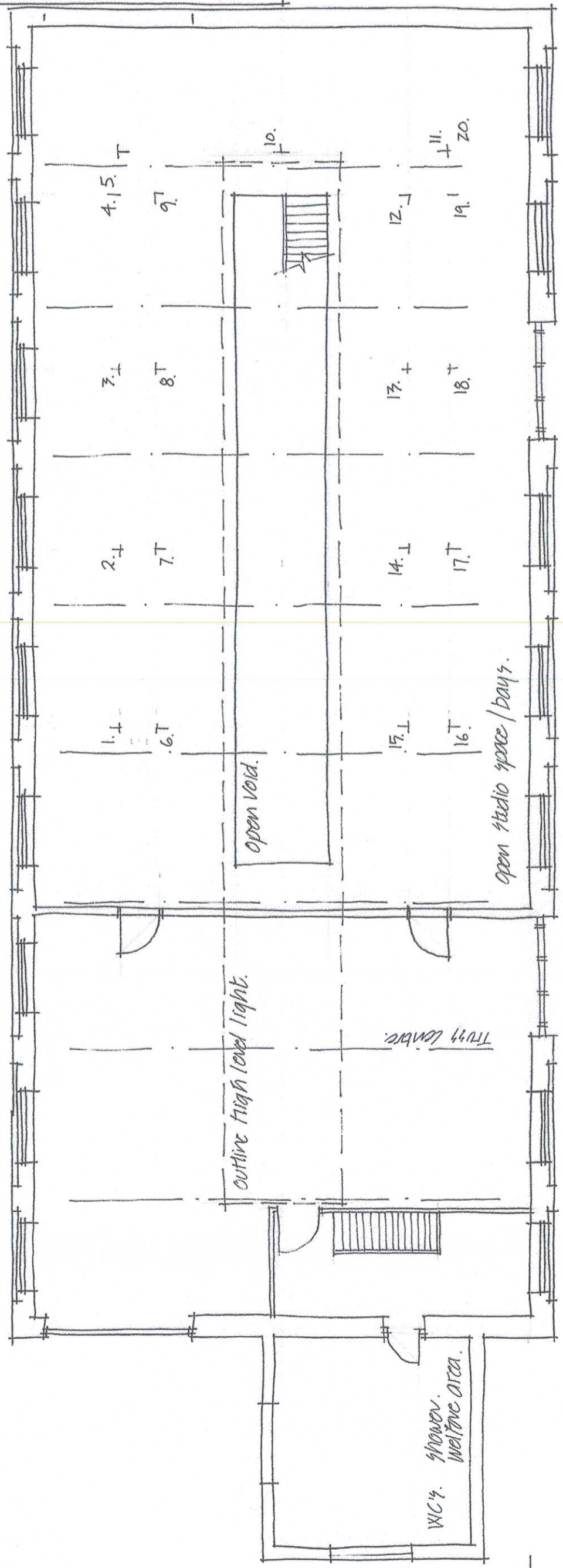
Feature roof structure all exposed.

Ridge light introduced.

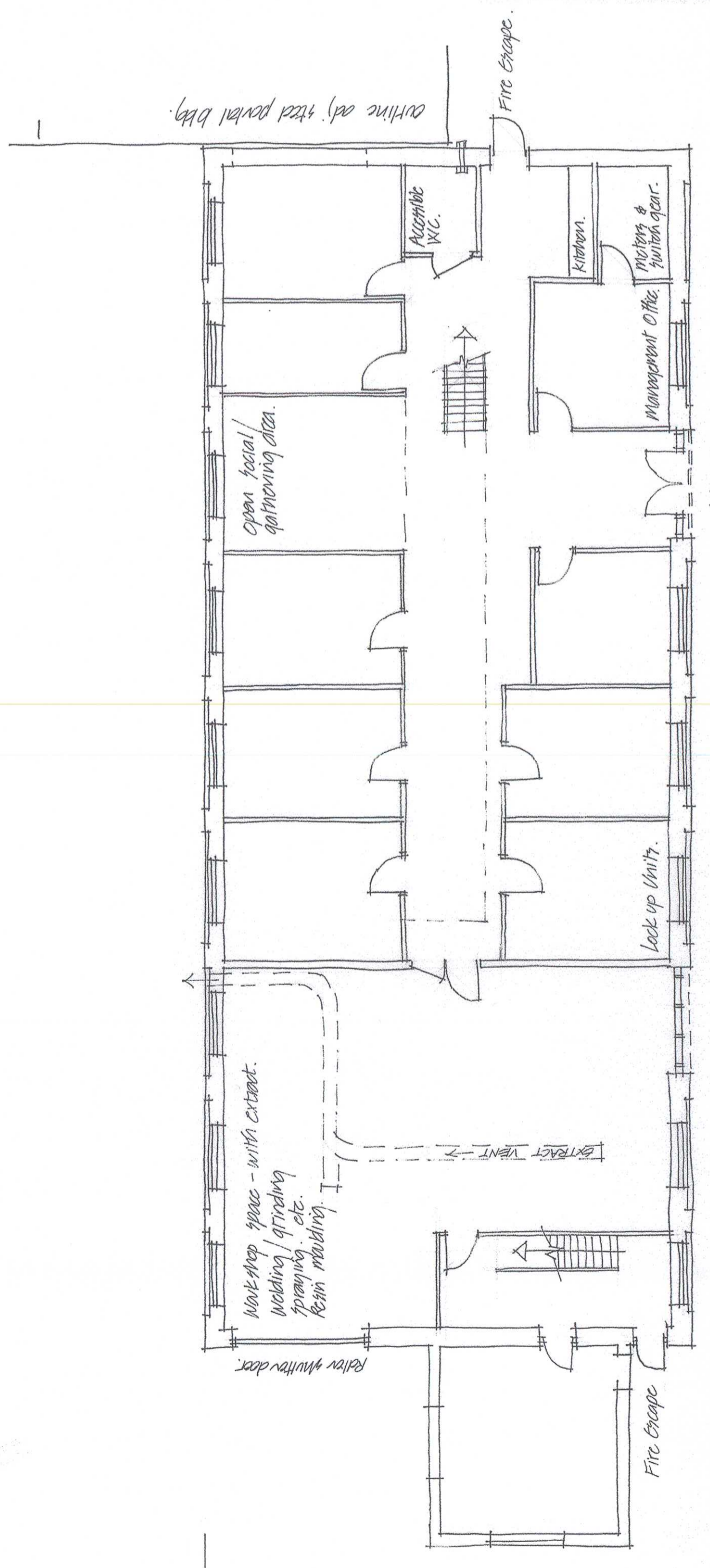


SECTION 1:50

Rev.	Description	Date	Drawn
 Winchester City Council			
City Offices Colebrook Street Winchester, SO23 9LJ.			
© Winchester City Council			
Project: Arts Business Studio Feasibility Sketch Plan. For discussion to formulate brief.			
Title: "The Goods Shed" Proposed Winchester Arts Business Bldg. Barfield Close, Winchester.			
Scale: As stated.		Date: Oct 2014.	
Drawn: K Kiik.		Checked:	
DRG. No.		Status:	



F.F. Sketch Plan 1:100



G.F. Sketch plan 1:100



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Rev. Description Date Drawn



City Offices
Colebrook Street
Winchester,
SO23 9LJ.

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Project:
Sketch Feasibility,
Arts Business Body +
Look up B1 Units.

Title:
Former Scrap Yard Site,
Barfield Close,
Winchester.

Scale: 1:200 Date: Oct 2014

Drawn: K Kirk Checked:

DRG. No. Status:

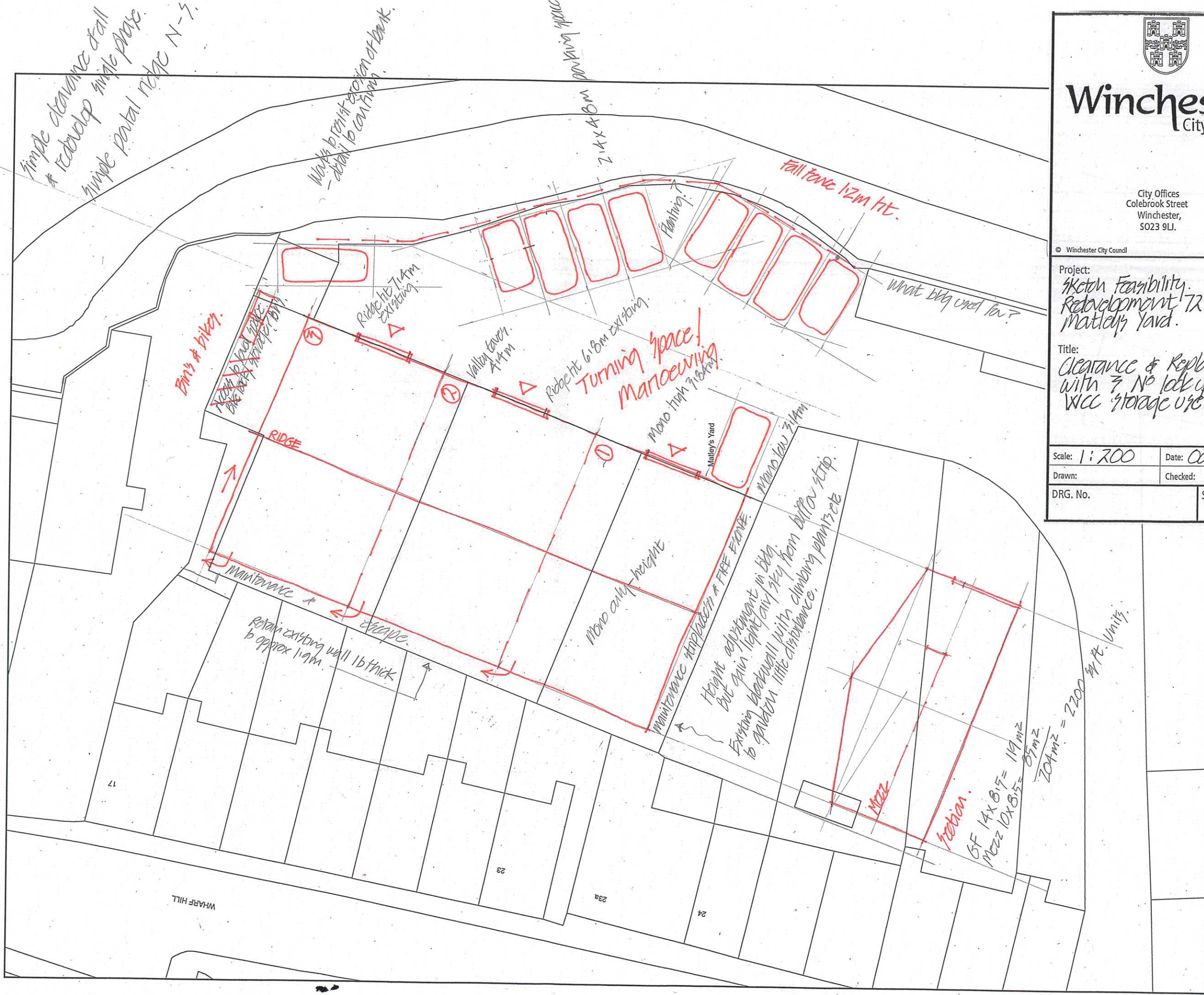
Site Address: MATLEYS YARD, WHARF HILL, WINCHESTER

Winchester City Council
 Estates
 DP:

Scale: 1:200
 Date: 09 Sept 2014
 Ref:

Map Ref: SU 4828

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Winchester
 City Council

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 Colebrook Street
 Winchester,
 SO23 9LJ.

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Project:
 Sketch Feasibility.
 Redevelopment of 12 Wharf Hill
 Matley's Yard.

Title:
 Clearance & Replacement
 with 3 No lock up units.
 WCC storage use.

Scale: 1:200	Date: Oct 2014
Drawn:	Checked:
DRG. No.	Status: