

# Report

## Cabinet Member for Assets and Member Development

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### Part 1

Date: 29 August 2017

**Subject** Information Station, Queensway, Newport

**Purpose** To outline an opportunity to dispose of part of this asset by way of a Sub-Lease to Cardiff University.

**Author** Housing and Assets Manager

**Ward** Stow Hill

**Summary** Potential lease opportunity to Cardiff University of Information Station.

**Proposal** **Agree to dispose of the building by way of a lease on terms recommended by Newport Norse and agreed by the Head of Law and Regulation.**

**Action by** Newport City Council, supported by Newport Norse

**Timetable** Immediate

This report was prepared after consultation with:

- Estates Team Leader, Newport Norse
- Property Services Manager, Newport Norse
- Strategic Directory – Place, Newport City Council
- Head of Regeneration, Investment and Housing
- Housing and Asset Manager
- Head of Law and Regulations – Monitoring Officer
- Head of Finance – Chief Finance Officer
- Head of People and Business Change

**Signed**

## 1. Background

- 1.1 Newport City Council (NCC) are the leaseholder of the Information Station, Queensway, Newport. The Council have entered into a 16 year lease from January 2012. The building owner and Landlord is Network Rail.
- 1.2 To date, NCC have occupied and operated the building as a 'Face to Face', public facing building. Occupiers in the building currently include Adult and Children's Social Services, the Contact Centre, Income Collection, Licensing and the Domestic Abuse Unit.
- 1.3 NCC was approached by the Welsh Government (WG) in January 2017 to view the property as a potential for an alternative venue to delivery of the National Software Academy (NSA) with whom WG have partnered with Cardiff University as a pilot project.
- 1.4 The NSA was launched in 2015 following a period as a pilot project delivered from 11 Devon Place. Over the past two years, the Academy has grown further and from September 2017, it is anticipated that there will be some 200 students in the Academy and these numbers are likely to grow year on year.
- 1.5 The University, working with WG, has committed to keeping the Academy in Newport if premises that meet the University's requirements can be found otherwise, the Academy will relocate to Cardiff.
- 1.6 NCC have liaised with Network Rail to seek approval to sub –let the Information Station and approval has been granted in principal. As a result, NCC have issued Heads of Terms to Cardiff University to occupy three floors of the Information Station and discussions are ongoing around details of a proposed lease.
- 1.7 The impact of releasing three floors is finding suitable alternative office accommodation for NCC staff relocating. A project group has been set up and we anticipate currently, that within the proposed timescales, all staff can relocate to the Civic Centre.
- 1.8 The programme is currently set out as releasing one floor by December 2017 and the remaining two floors by May 2018.

## 2. Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
<b>Costs</b>	TBC				Income from Cardiff University
<b>(Income)</b>					
<b>Net Costs (Savings)</b>	TBC				
<b>Net Impact on Budget</b>	TBC				

### 3. Risks

Risk	Impact of Risk if it occurs*	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Network Rail do not formally sanction the amendments to the lease with NCC	H	L	Communicating with Network Rail and the Council's Legal department	NCC and Newport Norse
Network Rail do not complete the defect works to the building prior to NCC signing the lease.	H	M-H	Newport Norse are applying pressure on Network Rail to complete the works. We understand that 75% is complete.	NCC and Newport Norse
Implementation of staff moves to the Civic Centre is not met.	H	M	Newport Norse and the Council have established a project team to undertake this work	NCC and Newport Norse
Cardiff University do not obtain the planning permission required for change of use and advertising aspirations for the side of the building.	H	L-M	Cardiff University are preparing the documentation for submission to avoid further delay	Cardiff University and NCC
The building does not prove to be suitable upon details surveys being undertaken and NSA move to Cardiff	H	L	Newport Norse are applying maximum pressure on Network Rail to fulfil their duties on the defect works to complete prior to any sub-letting taking place. The alternative is for the Council to undertake the work and go through a Court process to recoup the cost from Network Rail.	NCC and Newport Norse

## **4. Links to Council Policies and Priorities**

4.1 Corporate Asset Management Plan 2013-18.

## **5. Options Available and considered**

5.1 Enter into further detailed discussions with Cardiff University and agree to dispose of the building by way of a lease.

5.2 Curtail discussions with Cardiff University and continue to occupy the Information Station at a rental cost of approximately £350,000 per annum to the Council.

## **6. Preferred Option and Why**

6.1 Progress with option 5.1 for the following reasons:

- The Welsh Government has earmarked funding from Cardiff Region City Deal
- This is the National Software Academy for Wales and the Information Station has been identified as the most suitable building being close to the railway station and provides clear floors for teaching space.
- The Council gain assistance in the rental costs of the Information Station for the duration of the lease.

## **7. Comments of Chief Financial Officer**

7.1 The letting of three floors of the Information Station to Cardiff University (NSA) will contribute to the economic development of the area whilst also safeguarding existing and creating new jobs. Whilst the final details of rent/service charges and other income are yet to be finalised, the Council will receive rental income for the three floors and also benefit from a reduction in rates, this can be used to pay for the one off cost of relocating the staff whilst guaranteeing a regular income stream further into the future.

## **8. Comments of Monitoring Officer**

8.1 The proposed action is in accordance with the Council's statutory powers under sections 122 and 123 of the Local Government Act 1972 to re-appropriate and dispose of property. Because the sub-lease will be for longer than 7 years, then this would be a "disposal" for the purposes of section 123 and, therefore, the Council is required to secure best value. However, the proposed sub-lease with the University would be on a full internal repairing and insuring basis and at an open market rental, which would generate income for the Council. In addition, the sub-lease would secure the presence of the Software Academy in Newport and fulfil a strategic regeneration objective in terms of generating additional employment and educational opportunities and establishing the basis for a technology cluster within the local area. Consent had already been received from Network Rail, as the head landlords, for the sub-letting and the proposed change of use to accommodate the National Software Academy. However, the completion of the sub-lease will be dependent on the approval of Joint Venture grant funding by the Cabinet Member for Regeneration and Housing and the Welsh Ministers and conditional upon planning permission for the change of use.

## **9. Comments of Head of People and Business Change**

9.1 The release of the Information Station would allow the building to house the planned expansion of the National Software Academy (NSA). The safeguarding of the NSA in Newport should have economic multiplier effects in terms of graduate development, entrepreneurship skills and business growth as well as the prestige of hosting a 'digi-tech hub' in the city centre. The main implications for the Council relate to the relocation of staff currently working from the Information

Station and this is being project managed by the Business Improvement Team; and the arrangements for ensuring public access to services in the future, these matters will require further planning and taking account of the duties to involve, collaborate and integrate. However as the report notes, financial pressures and the need for property rationalisation may well necessitate moving staff from the Information Station in any case, over the medium term. In that sense the proposal could be regarded as a mitigation of the impact of financial pressures by sustaining this 'centre of excellence' within Newport.

- 9.2 Consideration will need to be given to the relocation of key partner services currently provided from the Information Station, including the Domestic Abuse Unit. This work is ongoing.

## **10. Comments of Cabinet Member**

- 10.1 Cabinet Member has approved the report.

## **11. Ward Member Comments**

- 11.1 Cllr Miqdad Al-Nuaimi - I would like to express my full support for the arrangement, which means the National Software Academy (NSA) can have a suitable premises in which to carry out their business and the excellent training for our future software engineers and technologists. It gives me a lot of satisfaction to see the great progress and growth achieved by the NSA in the relatively short time in which it has been operating. To be able to operate in the city centre at an area, which Newport City Council wishes to see regenerated is another spin off of the proposed arrangement. A third reason is that the proposal fulfills part of the ethos and collaboration, partners in the Cardiff City Deal Region hope to achieve.
- 11.2 In supporting the proposal I wish to congratulate the National Software Academy on getting to this stage and look forward to the Academy contributing even more positively to the economic, technological and regeneration agendas in Newport and the Region.

### **Comments from Non- Executive Members**

#### Cllr Tracey Holyoake

I would like to express my support for the arrangement, The National Software Academy (NSA) can have a suitable premises in which to carry out their business whilst providing excellent training for our future Technical Engineers.

This is great progress and allows growth for the NSA, to operate in the city centre, it further allows for Regeneration within our city whilst providing a steady stream of income for NCC in regards to rent.

Working Partnerships are always welcomed and this could only benefit our city further in terms of growth development and regeneration.

## **12. Scrutiny Committees**

- 12.1 N/A.

## **13. Equalities Impact Assessment and the Equalities Act 2010**

- 13.1 The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage

and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

## **14. Children and Families (Wales) Measure**

- 14.1 Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

## **15. Wellbeing of Future Generations (Wales) Act 2015**

- 15.1 The National Software Academy (NSA) since being set up with the aim to develop particular skills in computer software design, product development, entrepreneurial and market development skills, this has been a success, could be considered a centre of excellence and is a boost for the city of Newport and the business community forming part of the council's integrated regeneration of the city. The Council would prefer to see the NSA remain in Newport as it demonstrates Newport is still a place to invest in new business for the long term and commenced discussion with the NSA to find a property that could be considered suitable to provide the NSA with room to grow and develop further
- 15.2 The Council is facing a range of short, medium and long term financial pressures and each year has to consider how this is met, all proposals undergo much public consultation along with partner organisations. The one consideration that remains in the financial strategy is the rationalisation of the Council's stock, to integrate and consolidate services releasing buildings for either sale or lease being a key element. To also consider where possible to either surrender leases that may be in place or sublet if possible to offset costs.
- 15.3 The Council has some of its buildings where more staff can be introduced and meet the aims above.
- 15.4 The Information Station however does not have any spare capacity and was established after considerable consultation and collaboration with partner agencies and internal services with a view of providing an accessible central location for the residents of Newport to access services. In this regard it has worked well but the Council is also looking like many other large organizations to reduce physical footfall and conduct more business via the internet. This means that the Council staff may be performing more of a back office function rather than face to face service delivery
- 15.5 Some of the longer term needs of the Council in terms of its financial pressures can be met by utilising the spare space it has in other buildings and leasing floors of the Information Station and would be a natural long term development. The opportunity of being able to collaborate with the

NSA on leasing some of the Information Station floors has allowed the Council to bring forward some of its long term property rationalisation.

- 15.6 However the setting up of the Information Station was done so after considerable consultation and negotiation with a number of partner organisations where a central location for their service delivery was also a key factor. Whilst timescales may be short it is crucial that consultation and negotiation takes place to ensure suitable alternative locations are identified to allow continued delivery of some integrated services and as far as possible prevent the dis aggravation of some services that have benefited from the co-location within the Information Station.
- 15.7 These discussions and consultations are underway in identifying alternatives that as far as possible allow the same service delivery.

**16. Crime and Disorder Act 1998**

- 16.1 Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

**17. Consultation**

- 17.1 Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

**18. Background Papers**

- 18.1 None

Dated: 29 August 2017