
Subject:	SHORT-TERM PROPOSAL FOR THE FORMER CO-OP BUILDING, CASTLE STREET, DOVER
Meeting and Date:	Cabinet - 2 July 2018
Report of:	Mike Davis, Director of Finance, Housing and Community Roger Walton, Director of Environment and Corporate Assets
Portfolio Holder:	Councillor Michael Conolly - Portfolio Holder for Corporate Resources and Performance Trevor Bartlett, Portfolio Holder for Property Management and Environmental Health
Decision Type:	Executive Non-Key Decision
Classification:	Unrestricted

Purpose of the report: To bring into temporary use the former Co-op building as a Mean-While space to provide an area to enable entrepreneurs and new businesses to market test their products/services.

- Recommendation:** That Cabinet:
1. Approves the short term use of the former Co-op building to enable the premises to be used as a Mean-While space for the benefit of the community and business start-ups, while options for the long term future of the site are developed.
 2. Delegates authority to the Director of Environment & Corporate Assets, in consultation with the Leader of the Council, to take all necessary steps to progress and implement the project
 3. Approves use of the Periodic Operations Reserve to meet DDC's costs to support delivery of this project.
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1. Summary

- 1.1 Following the purchase of the former Co-op building in Castle Street, Dover options for its interim use have been reviewed and explored.
- 1.2 It is proposed that the building is leased to Red Zebra who are a registered charity. They will partner with Dover Big Local to provide a 'Mean-While space'. The 'Mean-While space' will:
- Provide an innovative service that will support community activities run by a public/voluntary sector partnership
 - Provide a safe trading area to enable entrepreneurs and new businesses to market test their products and services.
 - Enhance our strategic support for the High Street and Regeneration of the area.

2. Introduction and Background

- 2.1 In November 2016 the Council approved the Property Investment Strategy, providing authority to borrow to support a capital budget of up to £200m for the acquisition of commercial and residential assets for the economic regeneration and well-being of the district and for investment purposes. As part of this strategy an opportunity arose to purchase the Co-op site in Castle Street, Dover to add to the Council's property investment portfolio.
- 2.2 DDC purchased the freehold of the site on 27 April 2018 for £625k. The site comprises two single storey buildings totalling 2,495 square metres.
- The larger unit (former Co-op store) is vacant
 - The smaller unit is leased to Action Carpets Ltd.
- 2.3 The site was purchased for a number of reasons, including:
- (a) **Regeneration** – Regeneration is one of the Council's primary objectives. The site is located close to the existing town centre and the Council want to ensure the long term stability of the area. Additionally, the purchase of this site will send an important message of the Council's confidence in this area of the town and will provide control over the use of this important site as the regeneration of the area progresses
 - (b) **Development potential** – The site is in a prime location and has the potential to be redeveloped for either residential or a mix of retail/commercial and residential in the future once the impact of the St James development is better understood. It is a significant asset for the Council's long term regeneration portfolio
 - (c) **Protection from neglect** – Since the closure of the Co-op store the property has been empty and boarded up but is situated at a key route through to the High Street and to the St James development. It is on the main walking route from the bus stops in Pencester Road and situated next door to Stembrook, our busiest town centre car park. It is therefore important that the site is well maintained and protected from neglect or misuse and this is more easily done now the property is under the Council's ownership.
- 2.4 Since the purchase of the site options for its interim use have been considered and assessed. These included the option for the conversion of the site into a car park, as per the original business case approval. Any proposal to redevelop the site will take a significant period of time, due to the need for options appraisals, architect design, planning applications etc. It is therefore recommended that the site is used as detailed in this report as an interim option to support the growth and sustainability of the town centre.

3. Identification of Options

- 3.1 Option 1 – To use the premises as a Mean-While space by leasing the empty unit to Red Zebra, who will partner with Dover Big Local, to provide support for the local community and increase the potential for enterprise opportunities in Dover Town Centre. This would be for an initial period of 12 months. It is proposed to continue to lease the occupied unit to Action Carpets.
- (a) Red Zebra is a registered charity set up to improve opportunities and services for the community.
 - (b) Dover Big Local work in partnership with Red Zebra and are the dedicated community delivery arm for Dover. They are committed to delivering

community based local projects which include employment workshops, pop-up business schools and social enterprises. They have been awarded £1m Lottery funding to spend on central Dover and run a community hub providing support, training and networking opportunities

- 3.2 Option 2 - Leave the vacant unit empty while the future plans for the site are being developed. Given the number of surveys and the work that needs to go into preparing a comprehensive planning application for the important site and planning permission being granted, this could take approximately 12 -14 months.

4. **Evaluation of Options**

- 4.1 Option 1 is recommended for the following reasons:

A 'Mean-While space' would be unique to this area. It would provide an innovative growth project for the local economy by supporting entrepreneurs and new businesses to safely market test their products/services. This would then support the growth and sustainability of the town centre by business growth through-put in to Dover.

The services provided could include:

- (i) A community space;
- (ii) A flexible, co-working space;
- (iii) A space for workshops and enterprise units (exploration of start-up businesses for the growth of Dover town centre);
- (iv) An exhibition area;
- (v) Supporting Enterprise Saturday in October.

Proposed arrangements (to be negotiated):

- (i) DDC would lease the unit to Red Zebra for a peppercorn rent;
- (ii) The lease agreement will cover internal areas of the Co-op building;
- (iii) DDC to continue to be responsible for all structural maintenance and repairs;
- (iv) Red Zebra to be responsible for all internal repairs, site branding & non-structural external decoration, repairs & maintenance;
- (v) Red Zebra to be responsible for all utility bills & public liability insurances;
- (vi) Options regarding business rates and charitable relief will be explored to support the project going forward;
- (vii) As the project is at a formative stage and still requires negotiation with Red Zebra, with heads of terms for the lease arrangement to be agreed, it is proposed that authority be delegated to the Director of Environment & Corporate Assets, in consultation with the Leader of the Council to take all necessary steps to progress and implement the project.
- (viii) It is also necessary to consider the existing and proposed planning use. A change of use application needs to be submitted and permission for advert consent.

- 4.2 Option 2 is not recommended as leaving the vacant unit empty, will be missing an opportunity to provide a valuable community resource/service at minimal cost to the Council.

5. **Resource Implications**

- 5.1 If the vacant unit is left empty the Council will be liable for the business rates at £79k per annum. It will also remain liable for essential care and repair of the building and management of any potential issues associated with an empty building such as graffiti / vandalism.
- 5.2 Under the proposal Red Zebra, will be able to apply for 80% business rates reduction and the Council may be able to award a further 20% discretionary relief. Alternatively the property may be able to be split into individual hereditaments and the individual organisations can apply for small business rates relief. These options will be explored as part of the detailed arrangements to minimise the costs to Red Zebra and DDC.
- 5.3 DDC need to carry out essential repairs and due diligence testing estimated at £12k to prepare the building for use. The results of the surveys will also be assessed and further essential works carried out if necessary.
- 5.4 The rental income from Action Carpets will continue to be received.
- 5.5 DDC will also be required to arrange appropriate insurance to cover the building and the proposed use.
- 5.6 It is recommended that the costs incurred to implement this proposal are funded from the Periodic Operations Reserve.

6. **Corporate Implications**

- 6.1 Comment from the Section 151 Officer: The S151 Officer has been consulted during the preparation of this report and has no further comment to make (MD).
- 6.2 Comment from the Solicitor to the Council: The Head of Legal Services has been consulted during the preparation of this report and has no further comment to make.
- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

7. **Appendices**

- 7.1 Appendix 1 – Internal photos of the empty unit

8. **Background Papers**

- 8.1 Property Investment Strategy – Council 30 November 2016

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