

CAB2969(CWR)

CABINET (CENTRAL WINCHESTER REGENERATION) COMMITTEE

REPORT TITLE: CENTRAL WINCHESTER REGENERATION SHORT TERM
'MEANWHILE' MEASURES AND USES

19 OCTOBER 2017

REPORT OF PORTFOLIO HOLDER: ESTATES, CLLR STEVE MILLER

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WARD(S): TOWN WARDS

PURPOSE

The purpose of the report is to update Members on progress with managing the use of the Council's estate in the Central Winchester area, pending the implementation of development proposals.

RECOMMENDATIONS:

It is recommended that:

1. The contents of the report be noted.
2. Pending the redevelopment of the Central Winchester area, the principle of letting the former Antiques Market building for an artistic use, be agreed.
3. The Assistant Director (Estates & Regeneration) be authorised to let the former Antiques Market to Options 6 on the terms detailed in the Exempt Appendix A
4. The Assistant Director (Estates & Regeneration) be authorised to appoint Architects, Cost Consultants, Structural and Mechanical & Electrical Engineers to produce a feasibility study for the refurbishment and extension of Coitbury House.

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5. Expenditure of £25,000 to meet the cost of the Coitbury House feasibility study and further £25,000 for works to the former Antiques Market be approved, to be met from existing AMP resources.
6. Subject to the outcome of the internal consultation the potential to locate 12 Market stalls in the area between Marks & Spencer and Sainsburys as detailed in the report be agreed.
7. Proposals for potential pop up uses on the land at the side of the Bus Station will be explored and if viable brought forward for consideration.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The works identified in this report will facilitate the regeneration of the Central Winchester Area and demonstrate active support for that process. The works demonstrate an entrepreneurial approach to the delivery of public services by taking an active role in securing the future of property in this area through the formation of a temporary car park and the delivery of an improved bus interchange. Significant income is generated from the property in the area. The works support Winchester as a premier business location by helping to sustain the Central Winchester area in economic use while redevelopment proposals are developed for the area. Finally the works have helped to enhance the environment while improving the poor quality of existing facilities.

2 FINANCIAL IMPLICATIONS

- 2.1 The expenditure referred to in paragraphs 10.12 and 10.26, totalling £50,000, can be found within the existing AMP revenue budget.
- 2.2 The Council property within the boundary of the Central Winchester Area generates in excess of £1 million income a year.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Any letting of properties in in Central Winchester Area (such as the former Antiques Market building) would be on terms to allow possession to be recovered as and when required as part of a wider redevelopment process.
- 3.2 Under S123 Local Government Act 1972, the Council is required to let premises for periods greater than seven years at the best consideration.

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Council has to actively manage its property portfolio in the Central Winchester area to ensure that it can continue to be let and provide a useful contribution to the economy of the City. To achieve this, it will be necessary to undertake works to maintain the accommodation in a lettable condition, so as to be attractive to potential tenants.

6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation has been held with the Leader and Portfolio Holder for Estates, the Community Safety Team, Hampshire Constabulary, Southampton University, the BID and the Central Winchester Regeneration IPG.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 It is necessary to continue to invest in the property within the Central Winchester area, otherwise the buildings will fall into disrepair and will not be attractive to potential occupiers. If tenants form the view that the Council no longer intends to invest in the management of the area, they will increasingly seek to relocate elsewhere with the effect that the area will be difficult to let and cease to offer a useful contribution to the local economy. Buildings will decay if they are not occupied and maintained, so it is essential to continue to invest in the good management of the area.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 None

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p>Property</p> <p>There is a risk that if the Council does not actively manage the property in the Central Winchester Area, its condition will deteriorate and existing occupiers will leave their premises, making it difficult to re-let them.</p>	<p>Continue to carry out the maintenance and decoration of the properties to secure an environment in which premises can continue to let and businesses to be successful.</p>	
<p>Community Support</p> <p>There is a risk that if the area is not actively managed, anti-social behaviour will create an environment not conducive to the operation of business.</p>	<p>Work with the Community Safety Team and Hampshire Police to ensure that an environment in which businesses and visitors will retain confidence in the area is maintained</p>	
<p>Financial / VfM</p> <p>There is a risk to the Council's income if tenants decided that they were not willing to continue to lease premises in the Central Winchester Area.</p>	<p>Explain to tenants the short term nature of lettings, support their businesses by continuing to invest in the area. Work with other agencies to ensure that the area remains attractive to business and visitors.</p>	
<p>Legal</p> <p>A failure to carry out</p>	<p>Continue to carry out</p>	

Risk	Mitigation	Opportunities
adequate maintenance to the property in the area could result in injuries to those renting premises from the Council or to shoppers visiting the area.	regular inspections and appropriate levels of maintenance.	
Reputation There is a risk to the Council's reputation if premises were left to fall into disrepair and decay.	Continue to carry out appropriate levels of investment in the area pending its redevelopment.	

10 SUPPORTING INFORMATION:

- 10.1 Members have requested an update on the position with property holdings in the Central Winchester area. The Council's land holdings are now extensive and include the entirety of the block bounded by Middle Brook Street, Friarsgate, Tanner Street and Silverhill. In addition the Council owns Coitbury House(an office block extending to just over 8,000 sq ft on three floors), the freehold of the M&S car park on Tanner Street and the Bus Station site. The Council also owns the freehold of The Brooks (subject to a long lease) and the Middle Brook Street car park.
- 10.2 At its meeting of 29 March 2016 (report CAB 2785 refers), Cabinet decided not to exercise the option to sell the property it had acquired from the JDS Estate (properties in Middle Brook Street and Kings Walk) back to Henderson and to actively manage the block. The report identified that it was likely to be five years at the earliest before the development of the area might be possible. The report proposed extensive works to the area to restore economic activity and to prevent the area declining further. The following works were authorised:
- The demolition of the Friarsgate Car Park
 - The formation of a temporary car park
 - Works to make Coitbury House lettable
 - Works to the former JDS properties
 - Repair works to the former JDS properties
 - The acquisition of outstanding interests in Friarsgate Car Park.
- Expenditure of £1.39 million was identified and the funds were set aside in the budget.
- 10.3 It is anticipated that vacant possession of the Middle Brook Street block will be required by December 2021 at the earliest.

FRIARSGATE CAR PARK

- 10.4 The demolition of the Friarsgate Car Park and the formation of the temporary car park was authorised under PHD 697. The contract for the demolition of the rear part of the former car park and the formation of the new 72 space temporary car park was let to Armac Demolition and the work was successfully completed between January and May 2017. The budget for the demolition works and the construction of the temporary car park was £800,000. The final account for the works is expected to be just under £700,000.
- 10.5 The demolition was technically challenging due to the poor condition of the structure and the decision was made to use remotely controlled demolition machines to reduce the risk of injury to the contractors. The demolition was successfully and safely completed. The car park is being used extensively by the public; there is a car share scheme being operated and an EV charging point has been installed.
- 10.6 The Structural Engineer's final report on the demolition demonstrated that the car park could not safely have been retained for continued public use.

MIDDLE BROOK ST

- 10.7 Works have been undertaken to remove the asbestos from the former offices above Kings Walk, and the shops have been decorated externally. External decoration has also been carried out to Poundland, where a new service yard has been formed, and new signage has been installed throughout the Kings Walk Shopping Parade.
- 10.8 New tenants have been brought into the area including a highly successful Ice Cream Parlour and an Antiques Market. Following the new lettings, tenants identified considerable problems with anti-social behaviour associated with alcohol and drug abuse, concentrated around the former fountain base. Following discussions with Cabinet Members, retailers, the Community Safety team and the Police, it was concluded that the removal of the fountain base and alterations to the area in front of the Kingswalk entrance would reduce the potential for people to congregate in the area and further improve the environment for the public and retailers.
- 10.9 The contract for works to remove the fountain and to form a new external seating area for the ice cream parlour was let to Osbornes, the Council's property term contractor. The works have been completed, and have improved the environment in the immediate area by providing an enclosed external seating area for the ice cream parlour. The works have significantly reduced the incidents of anti-social behaviour in the immediate vicinity.

OFFICES ABOVE POUNDLAND

- 10.10 Two floors of derelict offices situated above Poundland have been refurbished and divided into two suites. Attractive accommodation has been delivered and the first tenant which is a Pilates Studio has begun to fit out one of the suites. Negotiations are currently being held with a potential tenant for the remaining accommodation. The works were authorised under PHD 743 and the contract was let to PT Construction. The refurbishment works have further improved the environment and will result in new economic activity in Middle Brook Street. Negotiations are underway to let the remaining space to a prospective tenant

COITBURY HOUSE

- 10.11 As Members will be aware, there is a significant shortage of office space in Winchester. Consequently, a number of approaches have been received from parties interested in taking a lease of Coitbury House. The potential to refurbish, rationalise and extend the building (to include the installation of a new lift and structural alterations) to provide modern open plan floor space is worthy of consideration. It is therefore appropriate to appoint Architects, cost consultants, mechanical and structural engineering consultants to explore the potential for the retention of the building over the longer term.
- 10.12 It is anticipated that a feasibility into the cost of retaining, modernising and extending the building could be achieved for a budget of £25,000. The funds for this study can be made available from within existing resources allocated to the AMP.

BUS STATION

- 10.13 Cabinet and Council authorised the acquisition of the bus station and the undertaking of works to create an interim bus interchange (report CAB 2916 refers). The report outlined proposals for the demolition of the former bus garage, the construction of new bus stops on the western side of the bus station and the undertaking of works to improve the bus offices and waiting areas. Works had to be completed during July and August when the impact of the temporary relocation of the bus services would have the least impact on daily life in the City.
- 10.14 The contract was let to Hughes and Salvidge and their sub-contractor Earlcoate Construction undertook the reconstruction of the bus bays. The temporary relocation of the buses to the Broadway highlighted just how many people use public transport to visit the City. The remodelled bus station reopened for services on 4 September 2017 as promised. Very considerable co-operation has been received from the bus company staff who have helped make this project possible.
- 10.15 Following feedback from passengers, it is intended to install canopies to keep the weather off those using buses in the middle bays. Discussions are being

held with an interested party with a view to a mural being painted onto one of the large walls in the Bus Station to improve the amenity of the area.

MARKET STALLS IN MIDDLE BROOK ST

- 10.16 Following the closure of the High Street to buses, the potential exists to move some market stalls into the section of Middle Brook St between Marks & Spencer and Sainsburys. Up to 12 stalls could be sited in this area and this would allow a small number of stalls to be relocated to this area from the High St. The advantage of this would be that the density of stalls in the area between Marks & Spencer and Laura Ashley might be slightly reduced.
- 10.17 Internal consultation is being undertaken to establish how the additional stalls could be accommodated and subject to this proposal being possible the revised arrangements would commence as soon as it was practical to introduce them.

ANTIQUES MARKET

- 10.18 Following the Enterprising and Creative Economy Workshop held by JTP, a report was produced by them which identified a desire that regeneration of Central Winchester should utilise meanwhile uses to kick start the regeneration process and to establish a creative cultural quarter. The report identified that existing buildings such as the Antiques Market could be assessed for use by the creative arts, performers, start ups and independents.
- 10.19 An aspiration to retain the former Antiques Market as part of a future development of the Central Winchester area has been identified. Consequently, to help understand whether the building could be saved for continued use, a detailed condition survey was commissioned. The survey identified that significant works were necessary to the building if it was to be retained for future use.
- 10.20 In order to ensure the longer term economic viability of the building, its future could best be secured by carrying out a number of key repairs and then letting it to a single tenant who would take on the maintenance liability thereafter. The three existing tenants were relocated, a number of works have been undertaken and expressions of interest have been invited in the building.
- 10.21 Possession of the building will be required by December 2021, so in the interim it is available to let for a maximum of four years. Vacant possession will be required in order for a development to proceed and it will be at least two years before the building could be brought back into use, as the premises immediately adjoining it would have to be demolished, services renewed and new buildings and access roads constructed.
- 10.22 A number of enquiries have been received and these are set out in Exempt Appendix A, together with an analysis of their merit against the criteria detailed in paragraph 10.24.

- 10.23 The difficulty facing some potential tenants is that their proposals require a level of investment and this would have to be recouped over a period as short as four years. While the building might be retained it would be very difficult to keep it open when construction on the adjoining land began. Minimal fit out has to be the way forward for the potential occupiers .
- 10.24 Set out below are a list of criteria which will be used to assist in determining which proposal should be proceeded with:
- The period of the proposed use – The Council will wish to be satisfied that it can gain possession of the property in December 2021
 - The activities proposed – The activities will ideally relate to an Artistic use within the Creative Industries. The proposals must be compatible with the existing uses in Kings Walk Parade and not seek to take trade from them, but to boost footfall to the benefit of all.
 - The offer – The level of rent and the works which will need to be undertaken by the Council
 - Acceptance by the prospective tenant that the premises will only be available until the redevelopment of the area commences.
 - The finances necessary to run the proposed business are available.
 - Consideration would be given to creative artists or performers who were running independent start up businesses.
- 10.25 Further works have been undertaken to the building to enable it to be let as a whole. The works which need to be undertaken by the Council include:
- Ensuring electrical power circuits comply with electrical installation regulations
 - The installation of lighting
 - Works to the doors to ensure security of the building
 - The provision of a heat source
 - The removal of existing tile floor covering and the fitting of a replacement floor covering.
 - Treating the damp penetration by reducing the ground level to the front elevation.
- 10.26 It is anticipated a budget of £25,000 will be required to undertake the works and this can be met from the AMP Revenue Budget.
- 10.27 The building lends itself to a wide range of creative industry uses and this would accord with the wishes of Members who are keen to see business in this sector developed in the City . Members are requested to consider the principle of letting the former Antiques Market for use by an artistic use. If

Members do decide to accept this use, it is recommended that the premises be let on terms to be agreed by the Assistant Director (Estates & Regeneration) and that the use be that which complies most closely with the criteria set out in paragraph 10.24.

OTHER INTERIM USES

10.28 JTP have received a number of approaches from people who have participated in the consultation exercise. These inquiries will be followed up and any potential opportunities explored fully with the persons concerned.

11 OTHER OPTIONS CONSIDERED AND REJECTED

11.1 The option of doing nothing was considered and rejected as being inappropriate as the Council is committed to ensuring that the Central Winchester area continues to form a useful part of the City economy while consideration is given to the future use of the area..

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB 2785 – Silver Hill – Former JDS Properties Put Option – 29 March 2016

CAB 2916 Proposed Land Transaction – Purchase of Winchester Bus Station (Exempt) 5 April 2017

Other Background Documents:-

None

APPENDICES:

APPENDIX A – Antiques Market Expressions of Interest (Exempt)