
DREAMLAND PHASE 2 PROCESS

To: Cabinet – 31 July 2014

Main Portfolio Area: Economic Development and Regeneration

By: Madeline Homer, Director of Community Services

Classification: Unrestricted

Ward: Margate Central

Summary: The Council holds the freehold interest of the Dreamland Site. Council is now in a position to seek expressions of interest, prior to a long lease of phase 2 land and buildings and this paper is to seek approval to proceed with this process.

The Council continues to progress the Coastal Communities Funding application for the Sunshine Café and requires some initial funding to progress the application, financial procedure rules require Cabinet approval for the funding.

For decision

1.0 Introduction and Background

- 1.1** The Council is the freeholder of the Dreamland site, acquired after a public inquiry and lengthy court proceedings which followed the making of the compulsory purchase order (CPO) under section 226 of the Town and Country Planning Act 1990. The purpose of the CPO was to ensure this heritage asset was brought back into use and by doing so contribute to the regeneration of Thanet.
- 1.2** The Dreamland Heritage Amusement Park is being delivered by the Council, as the offering for this part of the site includes rides it has recently sought a service concessionaire to operate the park, supported by a lease of property and land.
- 1.3** This report focuses on the remainder of the site, Dreamland Cinema and Ballroom, and proposes that marketing may begin to seek a tenant or series of tenants to continue to progress the Council's regeneration strategy.
- 1.4** In addition the report asks for funding for some capital investment costs of the Sunshine Café, which are required in order to submit a Coastal Communities Fund application.

2.0 The Current Situation

- 2.1** The plans annexed to this report show the areas that now require advertising, namely annex 1, annex 2, annex 3, and annex 4. Annex 5 is for information to show the remainder of the estate and additional common parts.

- 2.2** To achieve the aims as documented in the CPO the Council now proposes to continue the process to obtain operators for the unit(s) shown on the attached plans namely:
- 2.2.1 Unit 1: Lower Ground – 850m² (Basement);
 - 2.2.2 Unit 2: Lower Ground & Ground (includes access staircase for maintenance) - 1950m² – (Bingo Hall and Area Under);
 - 2.2.3 Unit 3: Ground floor (Ballroom) – 1100m²;
 - 2.2.4 Unit 4: Ground floor (Arcade) – 500m²;
 - 2.2.5 Unit 5: First floor restaurant – 750m²;
 - 2.2.6 Unit 6: First floor & Second floor Cinema(includes fire escape routes on Ground floor) – 1800m²;
 - 2.2.7 Common parts – to remain under landlord control, cost recovery from tenants via service charge area in green (external on Estate plan and internal various floor plans).
- 2.3** The Council is proposing to advertise the area(s) to lease in parts, or as a whole, to gain expressions of interest. It is expected that any incoming tenant will be expected to invest significant capital sums in the premises and therefore we expect the term of the lease to be over 7 years, which will therefore necessitate the disposal process being followed.
- 2.4** For the estate to offer a quality offering throughout and to ensure the ethos of the heritage theme runs through the site the leases will be constructed in a way so that the landlord keeps control of the use of the units, the common areas and common parts of the structure.
- 2.5** Dreamland Cinema is listed Grade II*. Any alterations, externally or internally, which affect its historic character require Listed Building Consent. Because of the building's listing grade, English Heritage will be Statutory Consultees on any consent application. If Thanet District Council were to be the applicant for Listed Building Consent, they cannot determine that application - which falls to be determined by the Secretary of State. The building's lawful planning use is as a cinema and entertainment complex. External alterations and a change of use, in whole or in part, require Planning Consent.
- 2.6** The lease will be carefully constructed in a way that ensures the Council's interests are protected including but not limited to:
- An obligatory timescale for the tenant to complete the works and commence trading
 - Requirements in terms of layout
 - Requirements in terms of quality of fit out and finish
 - Keep open provisions – in the long term
 - Minimum and maximum opening hours on a daily basis
 - Use and trading hours of external areas
 - Detailed user clause provisions in respect of the restaurant, cinema and the other areas.
- 2.7** It is important that we are able to advertise the areas as a whole, not necessarily to let it in one go but to get an understanding of the market demand and additionally there may need to be a common area retained within unit 4 that will act as a marketing suite for the whole of the site, ticket office etc., but we won't be able to determine this unless and until we know the level and type of interest.

- 2.8** The Council will ensure that all the bids are looked at to see what they can contribute to the scheme as a whole; interested parties will need to demonstrate experience and financial ability to undertake their schemes.
- 2.9** Each one will be considered on its merits by the economic development and asset management team, to ensure that the chosen tenants provide the best deal for the Council.
- 2.10** Cabinet are therefore being asked for permission to begin the marketing and disposal process.

3.0 Unit 5 – First Floor Restaurant “Sunshine Café”

- 3.1** To support the significant capital investment required for the premises, the Council have for a number of months persisted with a Coastal Communities Fund (CCF) grant application.
- 3.2** The first bid was approved but later rejected due to the delays in the CPO and the second bid was unsuccessful as a result of concerns over State Aid. The Council have now opted to deliver the project in place of our partner this has alleviated the funders concerns and following discussions with fund administrators, now have a final opportunity to submit a bid.
- 3.3** It is clear from initial discussions that the fund administrators are keen to receive a bid from the area and given that it was previously approved, it is likely the revised bid will also be successful, although there are no guarantees.
- 3.4** The proposed bid is for £1.9m in order to refurbish the fabric of the restaurant including the front elevation, signage to fin, replacement of the roof (which serves not only the restaurant but the units and common parts below) and shell and core of the restaurant.
- 3.5** If this bid is successful it will facilitate economic development and regeneration of the District. Through leasehold interests we are expecting tenants to fund significant capital works and this amount of money will support the inward investment and enable companies to attract match funding for the capital works.
- 3.6** However, in order to submit a final bid the Council must engage a design team and develop the current feasibility scheme through to detail design including architects drawings, the anticipated cost of which is approx. £63,000, once approval to spend has been received from the funder consultancy fees will form part of the project costs and not fall upon the Council. There is no guarantee that the bid will be successful, but in the event that it is not, the scheme would require by the incoming tenant to provide a large capital investment which will reflect the Councils rental/lease income. It will also enable us to clear the proposals with English Heritage who’s approval is required. The benefit of the CCF scheme is that the fabric of the structure will be improved at little cost to the Council enabling it to generate greater asset value from its disposal.
- 3.7** If the bid is successful the Council will project manage the works through to completion. Ongoing maintenance of these areas will fall to the tenant(s) who benefit from the works, who will be required and controlled through the lease to keep it maintained to a high standard.

4.0 Next Steps

- 4.1 The Council will prepare documentation and place an advertisement in early August 2014, to begin the process of procuring tenant(s) that support the Council's regeneration objectives for this site.
- 4.2 The Council will complete the required drawings and proceed with a full application for £1.9m for refurbishment works to the restaurant.

5.0 Corporate Implications

5.1 Financial and VAT

- 5.1.1 The site has been opted to tax, which reduces the Council's VAT liability; however, all leases and licences regarding the site require further detailed VAT advice to ensure VAT compliance.
- 5.1.2 The grant is a ring-fenced capital grant which will have some monitoring requirements attached; these are not deemed to be overly onerous.

5.2 Legal

- 5.2.1 Section 233 of the Town and Country Planning Act 1990 provides that where any land has been acquired or appropriated by a local authority for planning purposes and is being held for the purposes for which it was acquired or appropriated, the authority may dispose of the land in a manner that will secure its best use, or will secure the construction of buildings or the carrying out of other works needed for the proper planning of the area of the authority.
- 5.2.2 The Secretary of State's consent to the disposal will be required where the disposal is for less than the best consideration reasonably obtainable and the term of any lease granted is more than seven years.

5.3 Corporate

- 5.3.1 To continue the process of re-opening the Dreamland site to members of the public contributes directly to the Corporate Plan, in particular to priorities 1, 3, 8 and 9.

5.4 Equity and Equalities

- 5.4.1 The operator will have to demonstrate as part of the pre-qualifying process that they can contribute to the Council's commitment to enhance equity and equality within Thanet. An Equality Impact Assessment will be carried out by Council in conjunction with the operator to ensure that there is compliance with the public sector Equality duty at the commencement of the contract and periodically throughout the term.

6.0 Recommendations

- 6.1 That Cabinet gives approval to commence with the process to advertise the area(s) to lease the units documented in 2.2.1 through to 2.2.7 to obtain expressions of interest, with a view to progressing through to leasing the areas to achieve the regeneration objectives;
- 6.2 That Cabinet agrees to the use of the Un-Ring-Fenced Grants Reserve to a sum of £63,000 (ex VAT) in order to progress required plans for the Sunshine Café.

7.0 Decision Making Process

7.1 This is a key decision to be made by Cabinet.

Contact Officer:	Clive Bowen, External Funding Officer
Reporting to:	Nicola Walker, Finance Manager - HRA, Capital & External Funding

Annex List

Annex 1	Lower Ground Floor Rev A
Annex 2	Ground Floor Rev A
Annex 3	First Floor Rev A
Annex 4	Second Floor Rev A
Annex 5	Estate Plan

Corporate Consultation Undertaken

Finance	Clive Bowen, External Funding Officer
Legal	Peter Reilly, Litigation Solicitor