

## **FEASIBILITY STUDY WITH OPTIONS APPRAISAL FOR COMMUNITY PURCHASE OF DORNOCH POLICE STATION FOR DORNOCH AREA COMMUNITY INTEREST COMPANY.**

### **Key findings at a glance.**

#### **The purpose of the study:**

- To explore the station's suitability for conversion. This involved site visits by the study team and architect.
- An appraisal of options for how the building might be redeveloped and used.
- Gather evidence to demonstrate whether there is community support for the project.
- Assess what level of demand there may be for the proposed uses.

#### **Facts about the police station**

- Built in the 1980s the building occupies two floors, with an area of 641 square meters and has been independently valued at £375,000 (July 2018). An independent valuation on the land adjoining the station suggests it could achieve a sale price of up to £140,000 the proceeds of which would be fully utilised by DACIC for the redevelopment of the station itself.
- The size (641.91 sq. meters) and layout of the building combined with its subdivision into three distinctly separate areas would lend itself to multi-tenancy ideally from occupants who would benefit from being located close to a diverse range of tenants.
- Station running costs for the past year were:
  - a) Electricity £4,100
  - b) Water £1,750
  - c) Oil £9,600

In addition, the rateable value of the Dornoch Police Station is £38,000. The rates payable for 2018/19 are £18,240. As a community organisation DACIC may be eligible for up to 80% rates relief. The assumptions are that energy costs under community ownership are likely to be similar owing to the poor energy rating of the building (Band G - Very Poor) and the high cost of improving energy efficiency.

#### **Consultation and community survey**

The focus of the community consultation and options appraisal were on potential mixed occupancy of the building comprising:

- Serviced offices for businesses in the main station. Initial plans drawn up the architect indicate up to 8 offices plus a small hotdesking area which could take up to 3 people at any one time.
- Studios, workshops and storage for artists, designers and makers also in the main station
- Child day care in the residence
- Gym located in the garage

Key factors in drawing together ideas on how the building could be used were:

- The design and layout of the building, its suitability for conversion and realistic uses of the space.

- Issues of displacement; the Social Club, run by DADCA, is a community centre located opposite the police station. It has over 900 bookings annually for a wide variety of events, meetings and functions and therefore serves an important role in the town. Two churches also provide space for meetings and so the police station project needs to offer something not currently available elsewhere in the IV25 postcode area. An early proposal to offer gallery space in the station was also dropped due to issues of displacement.

### **Survey responses:**

1. The survey attracted 451 responses with 92% of respondents supporting the proposal to acquire the police station for community use.
2. 75% of respondents believed Dornoch would benefit from serviced office space; 15 people expressed interest in renting office space on a daily basis.
3. 325 respondents thought Dornoch would benefit from a creative hub and with the most popular uses being workshops (78%) and studios (71%).
4. Overwhelming support for the provision of a gym with 93% (415 people answered this question).
5. 82% (335 people answered this question) supported the idea for a child daycare centre.

### **Market research:**

In researching the market and making the case for need it was clear that the project would meet some areas of unmet demand locally; there is no serviced office space of the type envisaged for this project; storage, studio and workshop spaces for artists, designers and makers are also in short supply; there is a lack of gym provision in both the local and wider Sutherland area with larger chains limiting the opening of new sites to areas with populations of 100,000 or over. And while there is local nursery provision for 3-5-year-olds at the Dornoch Firth Campus and two private businesses, the Highland Council's view is that there is a gap in private nursery provision for 0-3-years-olds and funded 2-year-olds.

### **What will it cost to convert the police station?**

An elemental cost plan by quantity surveyors Mcleod and Aitkin suggests estimated costs of £347,500. There is the scope for some possible cost reductions particularly for the gym element of the project and the child daycare centre.

### **What will make the business case?**

The business case rests on ensuring sufficient critical mass of tenants and, in particular, the importance of securing two anchor tenants. Silverback Gym in Tain has expressed strong interest in running the gym and Ankerville Nurseries, also in Tain, has said that 'in principle' it would open a satellite nursery at the police station but is waiting for clarification on two issues including a visit to the site by the Care Inspectorate to assess the building's suitability. The importance of securing anchor tenants is reflected in indicative income figures for the first three years of trading under community ownership:

**Yr 1:** Income of £30,462 based on 40% occupancy with tenants paying £13 per sq. m plus contributions to heat, light and answering service, and of this £11,904 would be from the two anchor tenants. This is equivalent to approx. 39% of total rental income.

**Yr 2:** Income of £34,701 based on 55% occupancy and with anchor tenants contributing approx. 34% of total rental income.

**Yr 3:** Income of £40,370 based on 75% occupancy and with anchor tenants contributing approx. 29% of total rental income.