

Extraordinary Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title:	Agenda																		
Date:	Tuesday 17 April 2018																		
Time:	6.00 pm **Please note the start time for this meeting**																		
Venue:	Conference Chamber West (F1R09) West Suffolk House Western Way Bury St Edmunds IP33 3YU																		
Membership:	<p style="text-align: center;">Leader John Griffiths</p> <p style="text-align: center;">Deputy Leader Sara Mildmay-White</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Councillor</u></th> <th style="text-align: left;"><u>Portfolio</u></th> </tr> </thead> <tbody> <tr> <td>Carol Bull</td> <td>Future Governance</td> </tr> <tr> <td>Robert Everitt</td> <td>Families and Communities</td> </tr> <tr> <td>John Griffiths</td> <td>Leader</td> </tr> <tr> <td>Ian Houlder</td> <td>Resources and Performance</td> </tr> <tr> <td>Sara Mildmay-White</td> <td>Housing</td> </tr> <tr> <td>Alaric Pugh</td> <td>Planning and Growth</td> </tr> <tr> <td>Jo Rayner</td> <td>Leisure and Culture</td> </tr> <tr> <td>Peter Stevens</td> <td>Operations</td> </tr> </tbody> </table>	<u>Councillor</u>	<u>Portfolio</u>	Carol Bull	Future Governance	Robert Everitt	Families and Communities	John Griffiths	Leader	Ian Houlder	Resources and Performance	Sara Mildmay-White	Housing	Alaric Pugh	Planning and Growth	Jo Rayner	Leisure and Culture	Peter Stevens	Operations
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																		
Quorum:	Three Members																		
Committee administrator:	Claire Skoyles Democratic Services Officer Tel: 01284 757176 Email: claire.skoyles@westsuffolk.gov.uk																		

Public Information



St Edmundsbury
BOROUGH COUNCIL

Venue:	West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU	Tel: 01284 757176 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at the above address at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The Borough Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public participation:	Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
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Recording of meetings:	The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded). Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	

Agenda

Procedural Matters

1. Apologies for Absence

Part 1 - Public

2. Open Forum

At each Cabinet meeting, up to 15 minutes shall be allocated for questions from and discussion with, non-Cabinet members. Members wishing to speak during this session should if possible, give notice in advance. Who speaks and for how long will be at the complete discretion of the person presiding.

3. Public Participation

Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.

There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

NON-KEY DECISIONS

4. Investing in the Regeneration of Bury St Edmunds Town Centre: 17-18 Cornhill

1 - 28

Report No: **CAB/SE/18/027**

Portfolio Holder: Alaric Pugh

Lead Officers: Julie Baird and Sabrina Pfuetzenreuter-Cross

Part 2 – Exempt

None

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Extraordinary Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Investing in the Regeneration of Bury St Edmunds Town Centre: 17-18 Cornhill	
Report No:	CAB/SE/18/027	
Report to and dates:	Extraordinary Cabinet	17 April 2018
	Council	24 April 2018
Portfolio holder:	Councillor Alaric Pugh Portfolio Holder for Planning and Growth Tel: 07930 460899 Email: Alaric.Pugh@stedsbcc.gov.uk	
Lead officers:	Julie Baird Assistant Director (Growth) Tel: 01284 757613 Email: Julie.Baird@westsuffolk.gov.uk	
	Sabrina Pfuetzenreuter-Cross Principal Growth Officer Tel: 07551 153444 Email: Sabrina.Pfuetzenreuter-Cross@westsuffolk.gov.uk	
Purpose of report:	To seek (1) endorsement for the project objectives of the site, (2) approval to carry forward the recommended option and (3) approve full funding for the scheme to take to completion stage.	
Recommendation:	<p>It is <u>RECOMMENDED</u> that, Members :</p> <p>(1) Endorse the project objectives set out at para 1.3.1 for the site;</p> <p>(2) Approve, as the preferred option and policy approach, the redevelopment (option 4) of 17-18 Cornhill.</p> <p>(3) Approve £8.24m capital budget (includes £1.68m purchase and redevelopment budget), funded through the Investing in our Growth agenda fund, in line with paragraph 1.9.</p> <p>(4) Acknowledgement that in line with recommendations (2) and (3) above, officers will proceed in development of the site in line with the Council's agreed Scheme of</p>	

	<p>Delegation.</p> <p>(5) The Council's Section 151 Officer make the necessary changes to the Council's prudential indicators as a result of Recommendation 3.</p>
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
<p>Consultation:</p>	<ul style="list-style-type: none"> • The site is in the town centre which has been subject to extensive consultation undertaken as part of the development of the Bury St Edmunds Town Centre Masterplan. • Consultation has been undertaken with the newly formed Bury St Edmunds Town Centre Masterplan Advisory Group and will continue through the design and development phase. • Further consultation will need to be undertaken as part of any formal planning process.
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> • Alternative options have been considered and are detailed below for consideration.
<p>Implications:</p>	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • As set out within the main body of the report
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • In order to progress the project to planning/construction, internal and external capacity will be required. Provision has been included in the capital budget request for all external costs.
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> • None associated with this report.
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • Planning permission will need to be obtained before any redevelopment can be commenced. • Legal advice required to advise on neighbouring property rights and contract agreements. • Legal advice around the project continues.

<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> The redevelopment of the building provides a potential opportunity to improve accessibility to the building and the surrounding site. 	
<p>Risk/opportunity assessment:</p>		<p><i>The risks below relate to the decision around doing nothing- the risk associated with the preferred option 4 – redevelopment is contained in appendix D.</i></p>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Property remains empty and undeveloped. Negative impact on the Council's financial situation of the building remaining empty.	Medium	The potential for the disposal of the site in its current position is understood and the subsequent redevelopment opportunities have been developed.	Low
Negative public perception of investment in the acquisition of the building and the subsequent redevelopment.	High	Public exhibitions will be organised and dates have been agreed. Press/media releases made at the appropriate time in line with the communications plan.	Medium
<p>Ward(s) affected:</p>		<p>All Wards</p>	
<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>		<p>[Link to previous exempt paper on purchase] [Link to masterplan]</p>	
<p>Documents attached:</p>		<p>Appendix A: Existing Building Plans Appendix B: JLL Refurbishment Option Appendix C: Proposed Redevelopment Plans Appendix D: Risk Register Appendix E: Financial Assumptions</p>	

1. Key issues and reasons for recommendation(s)

1.1 Purpose of this Report

The purpose of this report is to present the following key items to Members:

- (1) the project objectives to be achieved for the site;
- (2) the options for the site available to the Council; and
- (3) the recommended option to redevelop the 17-18 Cornhill site.

1.2 Background

- 1.2.1 The site at 17-18 Cornhill, due to its relationship with Cornhill/Buttermarket, St Andrews Street South and Market Thoroughfare, was identified by the Council early on as having strategic importance in relation to the Local Plan Vision 2013 and further reinforced by Bury St Edmunds Town Centre Masterplan (adopted December 2017).
- 1.2.2 Our Investment Strategy, approved by Full Council in February 2018, outlines how we will look for opportunities that can not only deliver a financial return that can be used to help support our delivery of day to day services, but can also be used to achieve more for our communities by encouraging economic growth and social outcomes such as new housing. The site of 17-18 Cornhill offers an opportunity for this blended return with financial, economic and social outcomes all achievable.
- 1.2.3 Post Office Ltd announced in July 2016 that Bury St Edmund's main post office facility on 17-18 Cornhill would close. The post office subsequently closed on 17 November 2016 and the post office facility moved to the first floor of WH Smith on 15 Cornhill. Post Office Ltd subsequently offered a first right of refusal to St Edmundsbury Borough Council to purchase 17-18 Cornhill.
- 1.2.4 Following a recommendation from Cabinet on 8 December (CAB/SEE/16/069), St Edmundsbury Borough Council, on 20 December 2016, (report: EXEMPT Appendix 1 to Report No: COU/SE/16/021) resolved that:
 - (1) delegated authority be given to the Section 151 Officer and Chief Executive Officer, in consultation with the Leader of St Edmundsbury Borough Council and Portfolio Holder for Planning and Growth, to exercise the first right of refusal to purchase the Post Office building (including appropriate legal agreements) for £1.6 million (subject to contract, due diligence and full surveys);
 - (2) a capital budget of £1.680 million be established, including stamp duty land tax, funded from capital receipts for the purchase outlined in (1) above;
 - (3) the options due diligence costs of £30,000 and the holding costs associated with the purchase at (1) above (as outlined at paragraph 1.4.3 of Exempt Report No: CAB/SE/16/069) be funded from the strategic priorities and medium term financial strategy reserve; and
 - (4) it be noted that a further report, detailing options for the former post

office building, will be submitted, as outlined in paragraph 1.6.5 of Exempt Report No: CAB/SE/16/069.

1.2.5 The report went on to say that through securing ownership of the site, officers are to explore the options (recommendation 4 above) available to the Council including the potential to:

- enhance the environment, particularly around St Andrews Street South;
- improve the route from the arc to the historic town centre;
- attract high quality occupiers; and
- create a viable investment addition to our commercial asset portfolio.

1.2.6 Following informal engagements with Cabinet Members including the portfolio holder, a number of external experts (architect, cost consultants and commercial and residential estate agents) were engaged to assist with the development of this options appraisal in particular options 3 (refurbishment) and 4 (redevelopment).

1.3 Proposed Project Objectives

1.3.1 The approved Bury St Edmunds Town Centre Masterplan has provided the context to develop a set of outcomes to explore options for the property. These have been shaped by the Stakeholder Advisory Group in consultation with the portfolio holder for growth and are now presented for consideration by Cabinet to shape the detailed design work going forward:

1. Enhance the transition between the historic town and the arc Shopping Centre
2. Create a 'retail' frontage on St Andrews Street South – exemplar for other St Andrews Street facades with the aim to promote wider social and economic benefits across the whole town centre
3. Provide a retail frontage to enhance Market Thoroughfare in order to add interest and vitality to the currently blank walls
4. Retain the existing Victorian frontage to Cornhill
5. Provide more retail opportunities within the town centre
6. Create activity on upper floor levels, preference residential in line with planning policy DM35
7. Delivery against our West Suffolk Strategic priorities, through our Strategic Plan, Medium Term Financial Strategy and Growth Investment Strategy

1.4 Site Description and Key Considerations

1.4.1 17-18 Cornhill forms one side of Market Thoroughfare. This passage is only wide enough for walking three abreast, both sides are featureless walls and the elevation to St Andrews Street does not contribute to the vitality of the retail area. Together it creates a discouraging transitional area through the centre of the town.

1.4.2 The Cornhill elevation is part of the town's heritage and lies within the town centre conservation area. The rear of the property is a mixture of Victorian and 1950's structures.

1.5 Survey Work

1.5.1 A number of surveys have been undertaken at this early stage to provide a detailed understanding of the building and its potential constraints, which could affect the considerations of options and their associated risks and cost implications. The following surveys have been commissioned:

- Measured building survey
- Structural Condition Survey (through Jonas Lang LaSalle Surveyors) – to understand the existing condition of the existing structure
- Full R&D asbestos survey – to inform on potential cost to take away hazardous materials
- Drainage survey including CCTV – to inform on drainage condition and drain levels
- Bore hole in courtyard - to inform on ground conditions (due to be commissioned)
- Historic Town Wall location investigations (in-house)

1.5.2 Further surveys will need to be undertaken during the next stage of the design including archaeological desktop study, service capacities and routes and structural opening up works.

1.6 Project Team, Skills and Resources

1.6.1 This is a prominent town centre building and has the potential to be a flagship project for the Council. However, it is also a complicated project and as such a project team with the necessary skill sets and experience has been established. This includes the mix of skills and expertise relative to the project scope including a number of external experts (architect, cost consultants and commercial and residential estate agents).

1.6.2 To achieve this, we will utilise internal teams that understand the financial, economic and social issues, who will be supported by a stakeholder team that has the ability to bring in their local knowledge of the built environment and town centre culture. In addition, the Council has brought in and will continue to do so, external teams to supplement these core skills within our in-house teams.

1.6.2 Jones Lang LaSalle (JLL) surveyors were appointed to assist with an initial assessment of the existing structural integrity of the building as well as the options evaluation around outline concepts for refurbishment option.

1.6.3 Following a procurement exercise, Donald Insall Associates were appointed to develop a redevelopment scheme based on the initial objectives agreed by Council as 1.2.5 above, in greater detail. Structural engineers, cost consultants, commercial and residential estate agents have been appointed alongside the architects to ensure the Council has sufficient detail to inform on cost certainty and deliverability.

1.6.4 Pick Everard have been appointed as our structural engineers and cost consultants to test the structural and financial viability of the redevelopment proposals.

1.6.5 Our appointed commercial estate agent, Jones Lang LaSalle, has been integral

to the design team to inform on market demand, potential interested occupiers and likely value of the commercial units.

1.6.6 Our appointed local residential estate agent, Bedfords, has also been integral to the design team to inform on market demand, unit types / fit-out and likely value of the residential units.

1.6.7 During the next stages of the development, if members were minded to continue, it is recommended that a full design team is appointed to work alongside Donald Insall Associates including mechanical and electrical (M&E), civil and structural engineer as well as a party wall surveyor and right of light specialist to provide the necessary expertise to develop the proposals to planning and construction. This has been included in the capital cost estimate within the financial section of this report (section 1.9).

1.7 **Communications**

1.7.1 This is a high profile building and as such any redevelopment will have a significant level of public and stakeholder interest. A communications plan has been developed to accompany the next stages of this project to ensure that stakeholders are kept informed of the key developments.

1.7.2 The aforementioned Bury St Edmunds Town Centre Masterplan Advisory Group also provides an important role in supporting effective communication of the project, this and following roles will support the Council in decision making:

- Advice, raising concerns and potential solutions
- Promotion of the masterplan
- Support to funding bids
- Opportunities to engage others in projects
- Proactive, collaborative and constructive support

1.8 **Options Appraisal**

1.8.1 Further to the recommendation made by Council, the following options have been further investigated for the 17-18 Cornhill site:

- 1) 'Do nothing' option
- 2) Resell to the market (following the purchase of the site in December 2017)
- 3) Refurbishment of the existing site
- 4) Redevelopment of the site

1.8.2 **'Do nothing' option (Option 1)**

The Council could choose to retain the building with the aim to find a suitable tenant to occupy the building pending potential future development opportunities.

What does this mean for the Council?

- There is a risk due to the condition of the building that a tenant cannot be found or significant cost (through investment in the property) may

need to be incurred in marketing and/or incentives such to encourage a tenant who undertakes the internal works to meet their needs.

- It does not deliver the aspirations for town centre set out in the town centre masterplan or the project objectives set out in 1.2.5 above.
- It does not contribute to deliver on the social benefits set out in our Investment Strategy, nor the economic growth opportunity to use the site as a catalyst for change by other investors and landowners, particularly in St Andrews Street South
- It will not meet public expectations.
- It continues to cost the Council approximately £100,000 per year (including security, maintenance and business rates) until rental income is generated, however once a tenant is found, this option offers a lower financial risk exposure for the Council compared to options 3 and 4.

1.8.3 **Resell to the market (Option 2)**

The Council could resell the building to the market in its current condition with the potential option to sell the building with planning permission for future development.

What does this mean for the Council?

- This option surrenders the control over the future of the site.
- A commercial developer/investor will have different drivers which would may make it difficult for them to share the desire/achieve all the aspirations for the area set out in the masterplan or the project objectives set out in 1.2.5 above.
- It is unlikely that a commercial investor would deliver on the social benefits set out in our Growth Investment Strategy.
- It will not meet public expectations.
- It is likely to cause reputational damage to the Council, weakening trust in its vision for town centre growth.
- Depending on market conditions, this could generate a one off capital gain/loss, however, this option offers a lower financial risk exposure for the Council compared to options 1, 3 and 4.

1.8.5 **Refurbishment of the existing site (Option 3)**

The Council could choose to refurbish the existing building and provide a two storey extension over the service yard. For further details on this option, please refer to Appendix B.

What does this mean for the Council?

- It contributes to the delivery of the aspirations for the site though does not fully embrace the full potential to improve Market Thoroughfare or St Andrews Street South.
- Whilst it contributes to delivery of the social benefits set out in our Growth Investment Strategy, option 4 offers further maximisation of this opportunity.
- It delivers retail opportunities though these are restricted by the existing building layout and access arrangements and level differences of the site.
- Risks inherent in a refurbishment project need to be monitored and

- managed carefully.
- Capital redevelopment budget provision of £3m would be required (over and above £1.68m purchase cost)
- High level costings indicate a potential annual financial return in the region of £90,000.

1.8.6 **Redevelopment of the Site (Option 4)**

The Council could choose to redevelop the site to aim to achieve all objectives set and maximise the potential to deliver wider community benefits.

What does this mean for the Council?

- It delivers the masterplan aspirations for the surrounding area.
- Achieves improvements to St Andrews Street South, Market Thoroughfare and brings the historic front back into use.
- Acts as a catalyst for investment and improvement in the area by improving the retail offer which will benefit the economic growth and vitality of the town centre.
- Delivers social benefits such as much needed housing including affordable housing.
- It provides the greatest flexibility in regards to the layouts achievable, which provides added market flexibility and a wider range of potential occupiers.
- Risks inherent in a redevelopment project need to be monitored and managed carefully given the unknowns of the existing (summarised in Appendix D).
- It is likely to meet public expectations and recovers some of the reputational damage from the previously undelivered link scheme.
- Capital redevelopment budget provision of £6.56m would be required.
- Although this option has a higher capital outlay and attracts the higher financial risks of the options, it is expected to achieve a breakeven financial position (after reinvestment back into Market Thoroughfare improvements).
- Financial risks will be monitored at each stage of the project.

1.8.7 On the basis of the above and further to the analysis of all options identified in this report, it is recommended that the redevelopment option is developed further as the preferred option and a number of options within this redevelopment option have been further considered.

1.8.8 **Option 4 – further considerations**

A number of design options have been considered on the basis of the option 4 to redevelop the site including:

Option to retain the existing Victorian building:

The option of retaining and refurbishing the existing Victorian building was explored by the design team but it was found that this option presents some complex technical design and construction challenges, which may attract significant project costs, largely due to the potential need for underpinning and extensive temporary propping especially considering the aspiration to widen Market Thoroughfare and create a level access to the Cornhill entrance.

It may be warranted that this option is reviewed further depending on the

option to be developed and further investigation works within the existing building are carried out.

Retaining of the Victorian façade:

With the building information currently available, it has been recommended that the existing Victorian façade is to be protected and retained and the remaining buildings are to be demolished and redeveloped.

This is considered the most cost effective solution and most practicable in construction terms. It should also be noted that the façade sits within the town centre Conservation Area.

Consideration of a two or three storey extension to St Andrews Street:

The massing was reviewed in relation to the site's town centre location in combination with the potential financial return overall and a denser development was deemed more beneficial. The aspiration to be a catalyst for businesses and property owners along St Andrews Street and the wider town is one of the key drivers within the Investment Strategy and a three storey development on St Andrews Street is therefore considered to have a greater impact in this regard and is therefore recommended to be taken further.

Improvements to Market Thoroughfare:

The potential to improve Market Thoroughfare will continue to be explored as the project continues and the design solution achieved. . Initial proposals indicate an opportunity to widen Market Thoroughfare both on Cornhill and St Andrews Street side as part of the redevelopment option..

- 1.8.9 Following more detailed advice from the commercial and residential estate agents, a mixed use development, with retail and/or restaurant and residential uses, is deemed most appropriate considering the current market demand. Note that this design is still to be submitted as a formal planning application to the St Edmundsbury Development Control Committee.
- 1.8.10 Following the key decisions above, the option recommended to develop in more detail includes (refer also to Appendix C for plans):
- protecting, retaining and refurbishing the Victorian façade;
 - demolishing and redeveloping the remaining buildings behind the Victorian façade;
 - creating an improved transition between the historic town centre and the Arc;
 - dropping the ground floor level to Cornhill;
 - a mixed use development; and
 - a policy compliant housing offer.
- 1.8.11 Further options can be developed under the redevelopment options and will be considered and explored further during the next stages of the design and planning process, which may include:
- Option to retain and extend the basement; and/or
 - Option to extend the third floor layout proposed to allow for further accommodation.

1.9 **Financial Implications of the Redevelopment Option (option 4)**

1.9.1 For completeness, the capital costs detailed in this part of the report include for the purchase of the building, as approved at SEBC Council on 20 December 2016 (Report No: COU/SE/16/021).

1.9.2 The table below shows the financial implications of pursuing the redevelopment option for the site. The current assumption is that all the residential units will be sold (leasehold), with the Council retaining ownership of the retail units and earning an annual rental income from them.

	£
<u>Capital Implications:</u>	
Capital Expenditure:	
Purchase Cost of Building	1,680,000
Capital Cost of Redevelopment (total project cost)	6,720,000
Gross Capital Expenditure	8,400,000
Funded from:	
Capital Receipts - Approved Report No: COU/SE/16/201	(1,680,000)
Sale of leasehold of residential units	(3,725,000)
Borrowing	(2,835,000)
Total Capital Financing	(8,240,000)
<u>Revenue Implications:</u>	
Borrowing Costs:	
Borrowing costs - Interest @2.75%	82,000
Borrowing costs - MRP over 40 years	74,500
Total Annual Borrowing Costs	156,500
Annual Retail Rental Income	(156,500)
Annual Net Revenue (Income) / Expenditure	-

1.9.3 The figures in the table above include the full cost of prudential borrowing, however, actual borrowing would only take place when the Council's treasury management activities identify such a need. For example, this could be when the Council's cash flow management activities anticipate that an external cash injection is required to maintain the appropriate level of cash balances for the Council to operate and fulfil its budget and service delivery requirements.

1.9.4 This option currently shows a breakeven position to the council. The assumptions that underpin these numbers are detailed in Appendix E, along with an assessment of the risk of these assumptions. As we progress further with this project, the costs included will become more certain as further surveys and design have taken place. These assumptions will continue to be

kept under review.

- 1.9.5 As the project progresses and we start to gain greater cost certainty, it is likely that the funding split for the redevelopment budget between the sales of leasehold flats and the net borrowing requirement, will change. Officers will also be pursuing the possibility of external funding which could add positively to the projects overall funding. Therefore the project funding and revenue implications will be reviewed as greater cost certainty is achieved and so long as the project remains within the overall agreed capital budget total and the annual revenue implication is no worse than the breakeven position set out in this report, then the project will be able to proceed whilst still working within the financial parameters/implications of this report.
- 1.9.6 Costs include all fees required for the duration of the project, including planning fees, legal, sales & marketing, S106 contribution, design fees, structural fees and surveys. Currently £30,000 has been allocated for the initial work that has been undertaken as agreed as part of the purchase report. If the scheme were not to proceed this would all be abortive costs. A further £165,000, included in the above costs, is estimated to be required to get to a planning submission, which could also be abortive cost if the scheme were to stop at that point.
- 1.9.7 Included in the figures in the above table is the cost of improving the pathing of Market Thoroughfare. This is currently estimated to be a capital cost in the region of £160,000.
- 1.9.8 The table below estimates some of the annual indirect financial benefits that would be created for each of the four options. These are not included in the financial table at 1.9.2.

	£
Indirect Financial Benefits:	
Council Tax - SEBC element only	2,160
New Homes Bonus (4 years only)	19,200
Business Rates - SEBC retained growth (26%)	9,000
Total Indirect Financial Benefits	30,360

1.10 **Planning**

- 1.10.1 Planning and conservation officers (through pre-planning advice) have been engaged throughout the option explorations exercise and design process and feedback has been positive. A formal planning application process will be had towards the end of this year (subject to Council approval to proceed with the redevelopment option).
- 1.10.2 Further archaeological investigations will need to be carried out during the next stage as the site sits on the line of the former town wall, which may have an impact on our proposed development and poses an unknown risk to date (refer to Appendix D for full risk profile).

1.11 **Key Milestones**

1.11.1 The key milestones for the project have been estimated as per the below with the caveat that these may be subject to change as we are still at an early stage of the project:

Date	Activity
15 Feb	Stakeholder workshop with all councillors invited Bury Masterplan Advisory Group
28 March	Second meeting for Bury Masterplan Advisory Group (group are presented with designs)
17 April	Cabinet to consider Business Case and proposals
24 April	Full Council to consider Business Case and proposals
June 2018	Pre-Planning Public Exhibition Event following Full Council decision
July 2018	Early contractor engagement
December 2018	Anticipated submission of planning application.
September 2019 – September 2020	Anticipated construction period (dependent on option to be taken forward)
September 2020	Anticipated opening of retail units and occupation of residential units

1.12 **Summary**

1.12.1 On the basis of the above and further to the analysis of all options identified in this report, it is recommended that the redevelopment option is developed further as the preferred option.

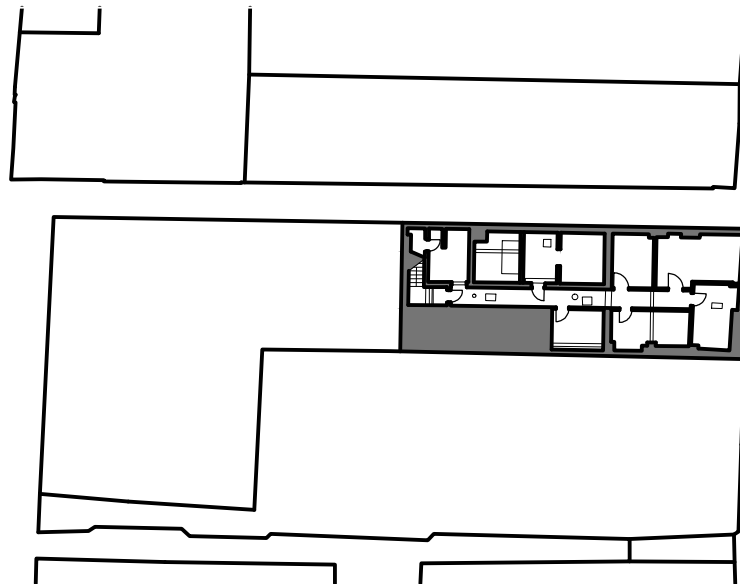
1.12.2 The redevelopment option is a high profile development which provides the Council with an opportunity not only to bring a historic building back into use but also to deliver wider social, economic and financial benefits for the town.

1.12.2 Although this option has a higher capital outlay and attracts the higher financial risks of the options, it is expected to achieve a breakeven financial position whilst meeting the aspirations for the town centre as identified in the Bury St Edmunds Town Centre Masterplan as well as the project objectives set out in section 1.3.1.

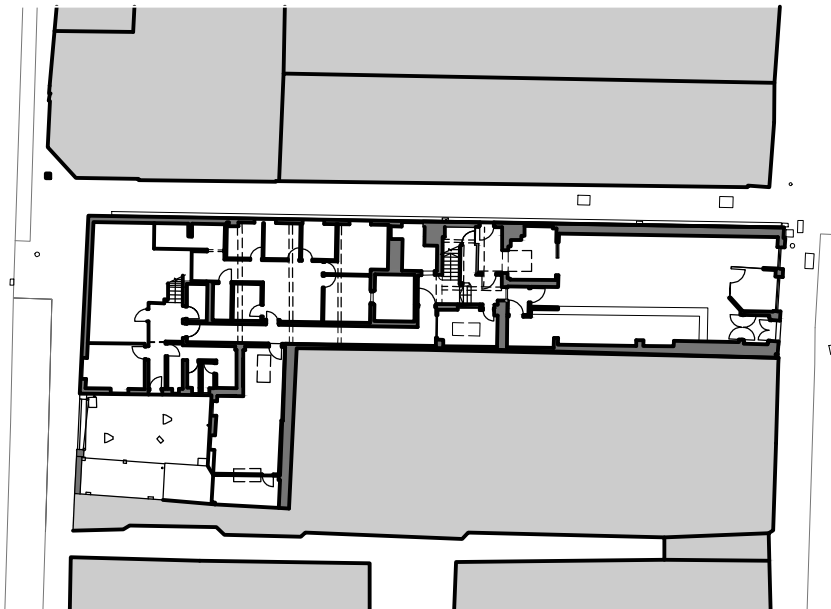
1.12.3 Subject to Members giving approval to proceed with this recommendation, a full design team is proposed to be appointed to assist in developing the preferred option to planning submission by December 2018 with continuous engagement of Members, stakeholders and the public and subsequent detailed development of the scheme to anticipated completion in September 2020.

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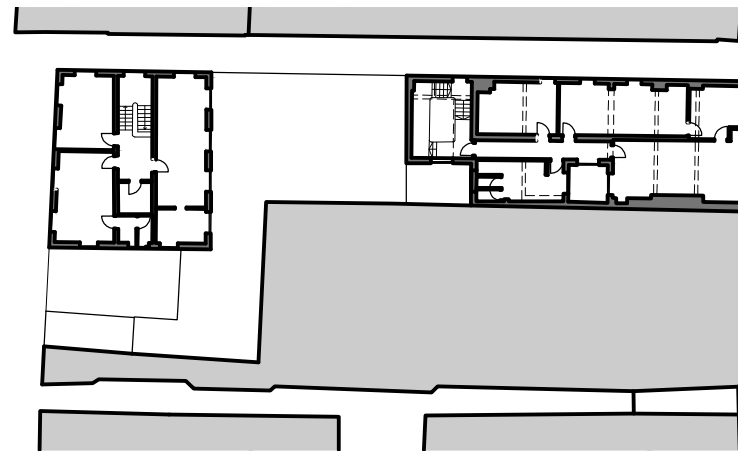
EXISTING



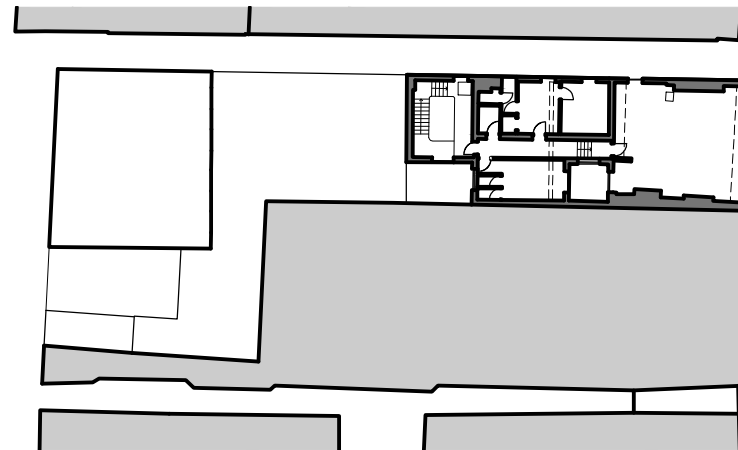
Basement Floor



Ground Floor



First Floor



Second Floor



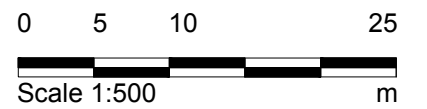
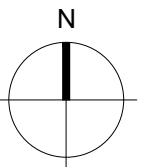
Market Thoroughfare Elevation



Cornhill Elevation



St. Andrew's South Street Elevation



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Drawing Status

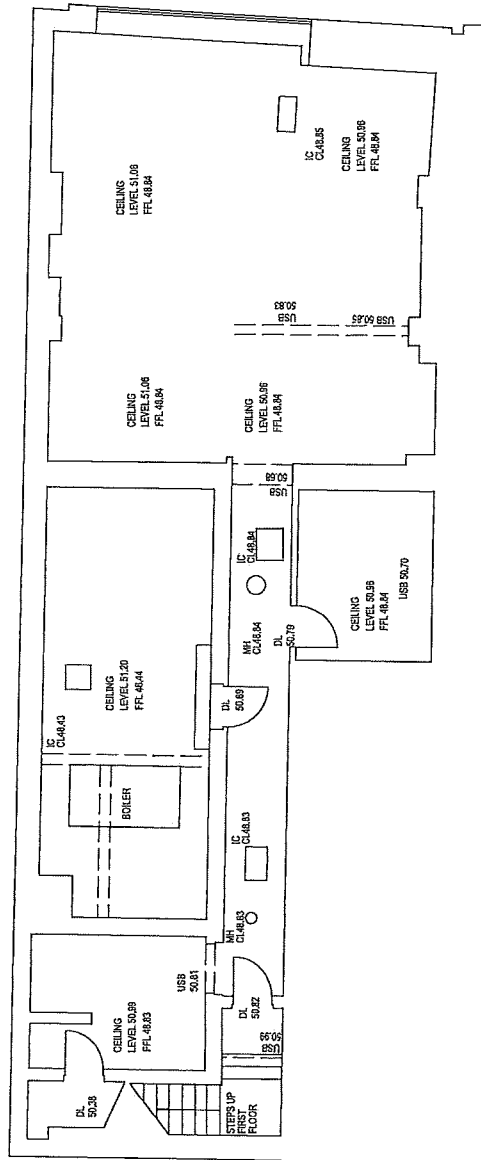
- F Feasibility
- S Sketch Design
- P Planning
- B Building Control
- D Design Development
- M Measurement
- T Tender
- C Construction
- R Record

Rev	Date	Dwn	Auth	Revision
0	02-03-18	MXV	TOB	Initial Issue

Donald Insall Associates Chartered Architects and Historic Building Consultants		12 Devonshire Street London W1G 7AB (+44) 020 7245 9888 london@insall-architects.co.uk	
17-18 Cornhill, Bury St. Edmunds		Project CBSE	No SK000
Existing Floor Plans and Elevations		Scale (A3) 1:500	Status F Revision 0

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Option 3



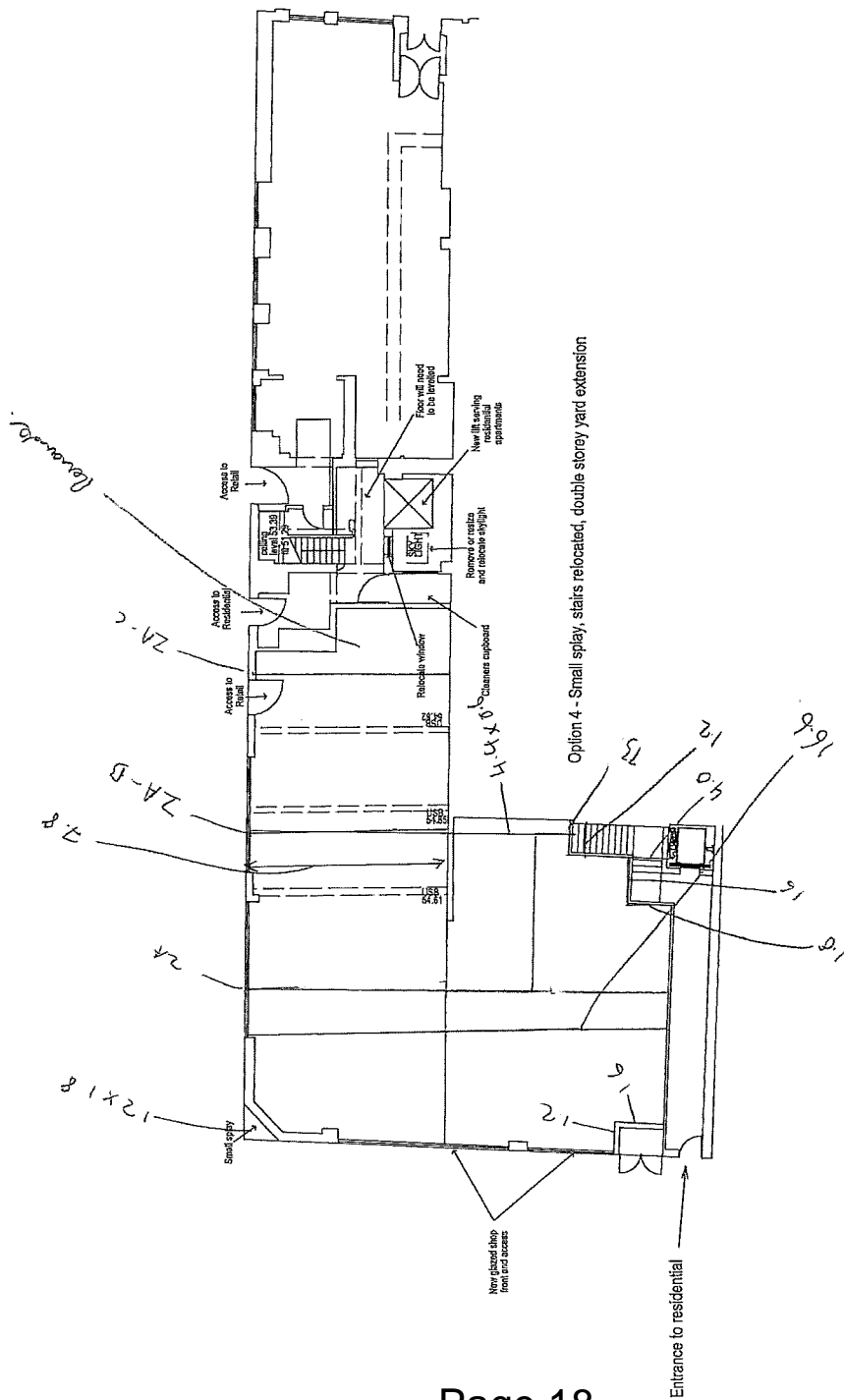
Client	Scale	Rev. Description	Date	By	Checked
Project	1:100 @ A3	Basement floor plan	01.06.2017	JB	JB
17 - 18 Cornhill, Bury St. Edmunds		Basement floor plan Option 3			

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Option 3



Rev	Description	Date	By	Checked
1	Ground floor plan - Option 2 Option 3	07.06.2017	IS	JB
2				
3				

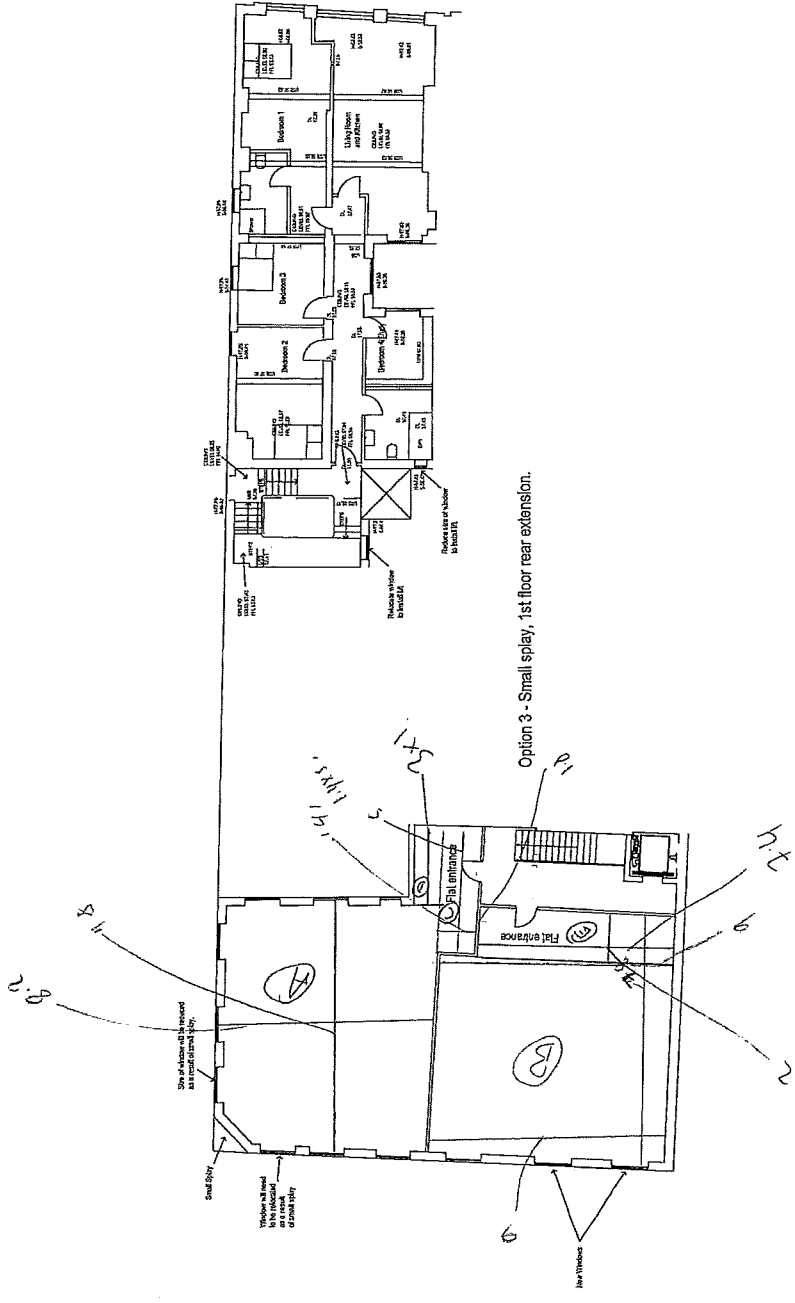
Client	Scale	1:200 @ A3
Project	Date	07.06.2017
17 - 18 Cornhill, Bury St. Edmunds	By	IS
	Checked	JB

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Option 3



Option 3 - Small splay, 1st floor rear extension.

Client	Scale	Rev.	By	Checkd
Project	1:200 @ A3	Description		
17 - 18 Cornhill, Pury St. Edmunds	Date	Description		
	01.06.2017	First floor plan - Option 3		
	By	Checked		
	JS	JB		
			Dwg	rev
			SK-08	

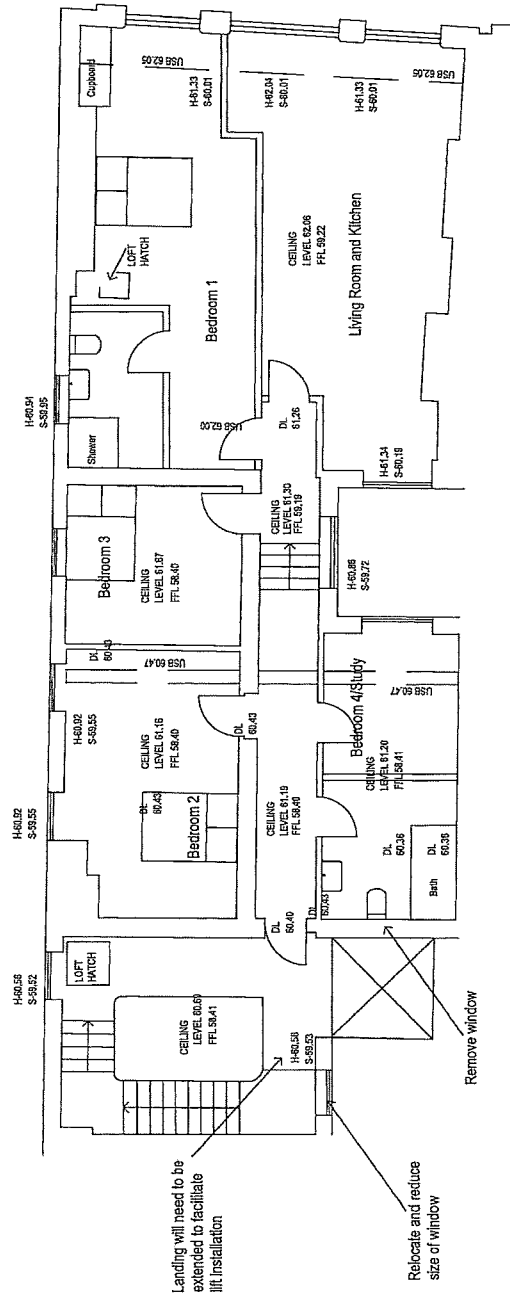
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Real value in a changing world

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Option 3



Client	Scale	Rev	By	Checkd
Project	1:100 @ A3	Description		
17 - 18 Cornhill, Bury St. Edmunds	Date	Second floor plan - <i>Option 3</i>	Date	
	By		Job	
	IS		DWG	rev
			SK-09	

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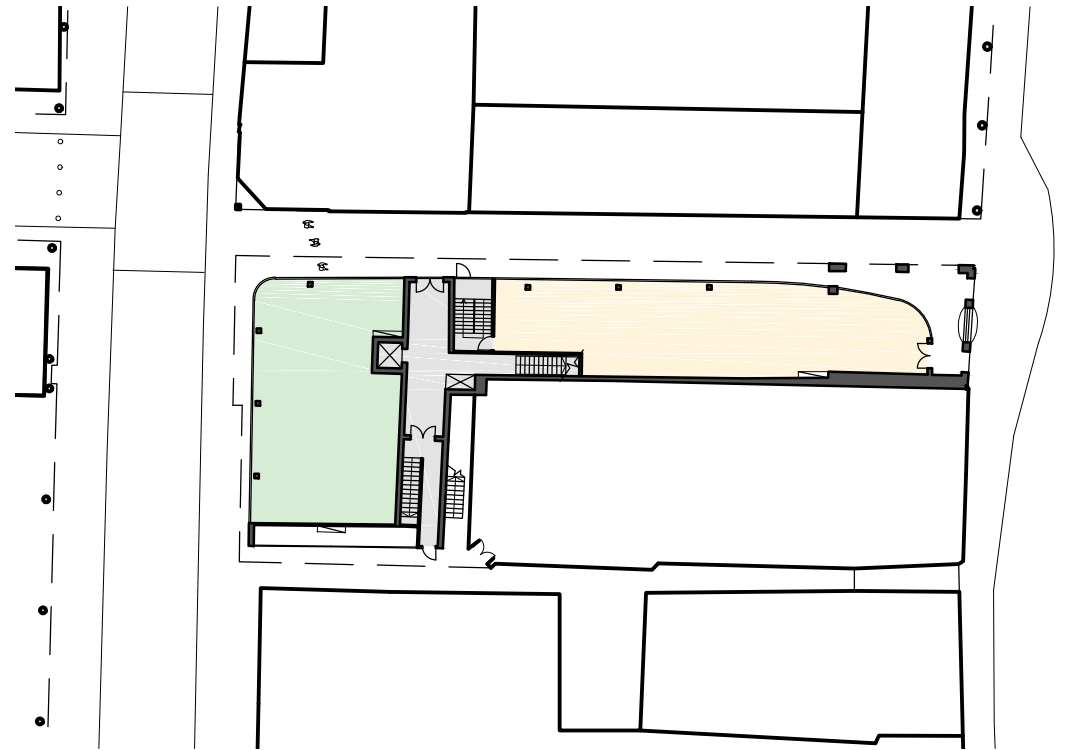


Real value in a changing world

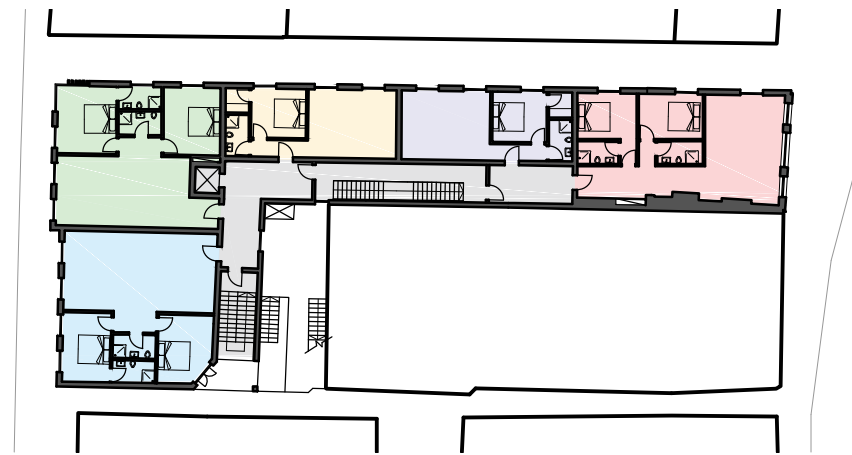
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REDEVELOPMENT OPTION: Retail units to ground floor and 12no residential units on floors above

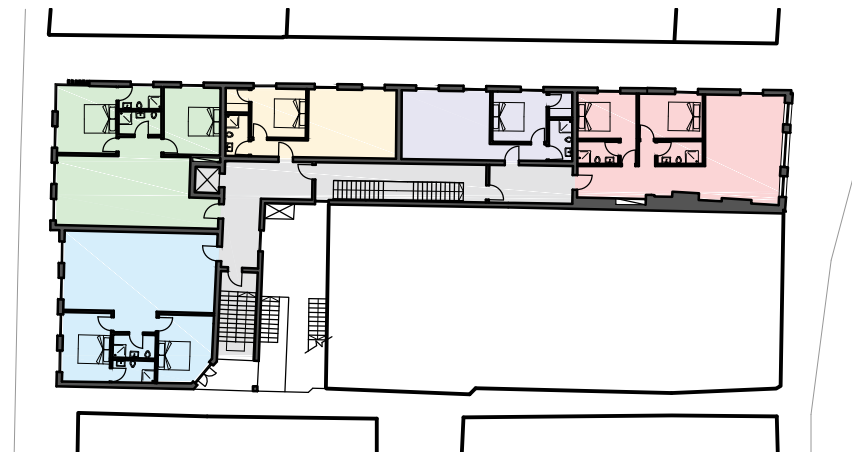
Page 21



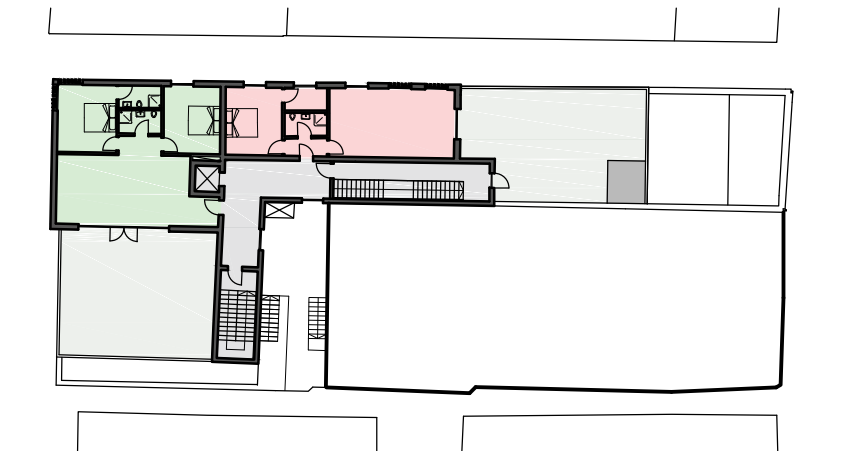
Ground Floor - Restaurant/Retail



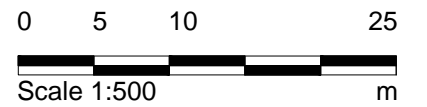
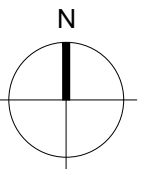
First Floor - Apartments



Second Floor - Apartments



Third Floor - Apartments



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Drawing Status

- F Feasibility
- S Sketch Design
- P Planning
- B Building Control
- D Design Development
- M Measurement
- T Tender
- C Construction
- R Record

Rev	Date	Dwn	Auth	Revision
4	09-03-18	TOB	-	Basement removed
3	28-02-18	MXV	TOB	Layout Amendments
2	16-02-18	MXV	TOB	GIFA amended
1	14-02-18	MXV	TOB	Minor Amendments
0	13-02-18	MXV	TOB	Initial Issue

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london@insall-architects.co.uk

17-18 Cornhill, Bury St. Edmunds

Project	CBSE	No	SK001
Scale (A3)	1:500	Status	F
		Revision	3

Proposed Indicative Floor Plans

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Risk Identification		Qualitative Rating				Risk Response		
Risk	Risk Category	Probability	Impact	Risk Score	Risk Ranking	Risk Response	Trigger	Risk Owner
Unforeseen issues within existing building fabric	Cost and Programme	7	8	56	1	Surveys are to be carried out as early as possible to expose risks and enable mitigation strategy to be developed.	Unforeseen issues uncovered during design/construction period.	SEBC
Reduced demand for residential units - sales do not take place	Return	4	7	28	4	Engage local estate agents to begin marketing properties off plan.	Reduced demand in the local area	SEBC
Difficulty/delay in obtaining planning	Cost and Programme	6	3	18	7	Early engagement with planning and conservation officers to be had. Pre-application advice to be sought on developed preferred option.	Planning issues flagged up at a late stage and redevelopment of preferred option required.	SEBC
Reduced retail demand - vacant premises	Return	3	7	21	6	Engage commercial estate agents to begin marketing properties off plan.	Downturn in retail demand	SEBC
Delays/issues in negotiations with Third Parties	Cost and Programme	4	6	24	5	Early negotiations to be had with Third Parties such as SCC Highways and WH Smith. Instruct Party Wall surveyor to serve Party Wall Notices once design and programme agreed.	Agreed preferred option affects Party Wall with adjoining owner and SCC Highways land towards St Andrews Street.	SEBC
Choice of procurement method for the delivery of the preferred option left undecided	Programme	3	5	15	8	Carry out an option appraisal of the various procurement options and provide recommendations for steer.	Research on procurement methods assessed	SEBC
Key Governance decisions are delayed	Programme	3	5	15	8	Provide clear reports for decisions required.	Meeting dates set out in communications plan.	SEBC
Lack of contractor availability due to contractor market and the complexity of the development	Cost and Programme	4	7	28	4	Depending on agreed procurement method, engage with medium/ large contractors as soon as preferred option design agreed.	Contractors that show interest in project may lack in the expertise required or lack of interest shown during tendering process.	SEBC
Ineffective communications with members and stakeholders	Programme	6	5	30	3	Stakeholders invited to advisory group with clear expected outcomes, to ensure the project is kept on programme.	Comms plan has been developed including set up of Bury St Edmunds Town Centre Masterplan Advisory Group (subject to approval).	SEBC
Negative public perception of investment	Public perception	4	3	12	9	Public perception of investment receives negative feedback.	Communication plan developed with SEBC comms team. Public exhibitions will be organised and dates have been agreed. Press/media releases made at the appropriate time.	SEBC
Potential threat to existing traders and users around the site	Public perception and Programme	3	3	9	10	Early conversations to be had with local businesses and stakeholders. Construction period to be considered carefully. Engage with contractor early to receive early advice.	Construction impacts on local business.	SEBC
Archaeological findings as the site sits on the edge of the historic town centre wall.	Cost and Programme	5	8	40	2	Carry out archaeological studies / investigations during design period.	Unforeseen construction cost and delay to the programme	SEBC
Risk of the project budget being exceeded	Cost	5	6	30	3	Costs are managed and monitored continuously and cost consultants have been engaged to advise. Early contractor engagement to understand construction risks early.	Project budget being exceeded.	SEBC
Delivery method for project remains unclear	Cost and Programme	2	4	8	11	Investigate alternative delivery methods for project.	Proposed delivery vehicle/method not possible.	SEBC

Key Terms

Risk: The risk stated in a complete sentence which states the cause of the risk, the risk, and the effect that the risk causes to the project.

Risk Category: Categorisation of risks by area of project affected, source of risk or other useful category.

Probability: The likelihood that a risk or opportunity will occur (on a scale from 0 to 10 with 10 being the highest).

Impact: The impact of the risk on the project if the risk occurs (scale from 0 to 10 with 10 being the highest).

Risk Score: Determined by multiplying probability and impact (scale from 0 to 100).

Risk Ranking: A priority list which is determined by the relative ranking of the risks (by their scores) within the project with the number one being the highest risk score.

Risk Response: The action which is to be taken if this risk occurs.

Trigger: Something which indicates that a risk is about to occur or has already occurred.

Risk Owner: The person who the project manager assigns to watch for triggers, and manage the risk response if the risk occurs.

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Appendix E – Financial Assumptions

Financial Assumption	Details of Assumption	Risk Rating	Sensitivity
Construction Costs	Cost estimated produced by an experienced QS, who has worked on similar schemes before. Costs have been produced in conjunction with architects and structural engineers, to form a more detailed cost plan than would be normally expected at this stage of a project.	Medium - still very early in the project, with more surveys and investigations required to gain greater confidence in the construction costs.	A 5% + / - change in cost would have an approximate impact of £200,000 on the capital costs. This equates to an annual revenue impact of approximately £10,000.
Contractor Preliminaries & Design	An allowance of 35% of construction costs has been included. This is a very high allowance, which reflects the difficult nature of the site i.e. town centre location, difficult access, limited storage area. This equates to roughly £20,000 per week plus design fees, which is deemed to be comparable to other schemes with similar difficult locations.	Low - cost certainty on this will not be achieved until the outcome of any tender exercise, however with the high allowance and contractor competitiveness on preliminaries it is deemed a low risk.	A 5% + / - change in allowance would have an approximate impact of £200,000 on the capital costs. This equates to an annual revenue impact of approximately £10,000.
Construction Risk Allowance	An allowance of 15% of total scheme costs has been included. This is on the high side, with 10% being a typical allowance at this stage of the project. This is due to the number of surveys and investigations that still need to take place on the site, as well as including an allowance for significant design changes.	Low - high level of the allowance for this stage of the project.	A 5% + / - change in allowance would have an approximate impact of £300,000 on the capital costs. This equates to an annual revenue impact of approximately £15,000.

Appendix E – Financial Assumptions

Financial Assumption	Details of Assumption	Risk Rating	Sensitivity
Council Borrowing Costs	Borrowing costs have been calculated on the current PWLB interest rates.	Medium - current expectations in the financial markets is that interest rates will start to increase during the next financial year. The council will continue to monitor developments as part of its treasury management activities	A 1% + / - change in interest rates would have an approximate impact of £30,000 on the annual revenue position.
Construction Inflation Allowance	Construction is currently estimated to take place in the 2019/20 financial year, so an allowance has been made to inflate current costs to the assumed costs at the time of construction.	Medium - building cost inflation rates are extremely volatile, with the potential to increase as well as decrease based on market factors. The current allowance however is accessed as being a reasonable one.	A 1% + / - change in allowance would have an approximate impact of £140,000 on the capital costs. This equates to an annual revenue impact of approximately £7,500.
Residential Sale Proceeds	Sale guide prices advised by the residential agent Bedford's, who are a firm with excellent knowledge of the local market and with similar types of town centre properties. It is advised that these guide prices are on the conservative side.	Medium - volatility of the housing market makes it difficult to have a high level of certainty on what house prices may be when these come on the market in over 18 months time.	A 5% + / - change in sale proceeds would have an approximate impact of £185,000. This equates to an annual revenue impact of approximately £10,000.

Appendix E – Financial Assumptions

Financial Assumption	Details of Assumption	Risk Rating	Sensitivity
Retail Rental Income	Rental income for the retail units advised by the commercial agent Jones Lang LaSalle, who are very experience in the market. Income based on rates per sq ft which is deemed achievable in the Bury St Edmunds market.	Low - retail rental income is much less volatile than that of residential prices.	A 5% + / - change in rental income would have an approximate impact of £7,500 on the annual revenue position.

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