

Olding Road, Bury St Edmunds: Options Appraisal

Report number:	COU/WS/24/013	
Report to and date:	Council	16 July 2024
Cabinet member:	Councillor Diane Hind Portfolio Holder for Resources Email: diane.hind@westsuffolk.gov.uk	
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Decisions Plan: This item has been published on the Decisions Plan; however, subject to the decision taken by Cabinet on 9 July 2024, as set out in Report number: [CAB/WS/24/028](#), this item has been referred to Council for decision without debate by Cabinet and, will therefore, not be subject to call-in. No exempt appendices are attached to this report as previously published on the Decisions Plan.

Wards impacted: All wards

Recommendations: It is recommended that Council agrees the following matters:

1. Approve the recommended option A and approach for the former depot and warehouse as set out in paragraph 2.17 of the Business Case (Appendix A).
2. Approve up to £6 million capital budget, funded by the Investing in Growth Fund, as set out within the financial case of the Business Case (Appendix A).

- 3. Approve the scope of works included in paragraph 2.17 of the Business Case (Appendix A).**
- 4. Acknowledge that in line with recommendations (1), (2) and (3) above, officers will proceed in line with the Council's agreed Scheme of Delegation.**
- 5. Agree for the Council's Section 151 Officer to make the necessary changes to the Council's prudential indicators as a result of recommendations (1), (2), (3) and (4).**

1. Context to this report

- 1.1 Following the decision on the Western Way Development project in September 2023, as set out in the Council report dated 26 September 2023 [report number: CAB/WS/23/041], a budget of £75,000, funded from the Strategic Priorities and Medium-Term Financial Strategy Reserve, was approved to identify alternative uses and potential re-development options for the site of the former Council Depot and NHS Warehouse.
- 1.2 A key driver for action is that the site is costing the Council £300,000 a year in holding costs, including security, as well as the need for a replacement roof, the removal of the fuel tanks and clearing up of contamination from previous historic uses of the site.
- 1.3 A further driver is the potential for the site to support the strategic priority areas for the Council, both directly through the type of use and development, and indirectly through the opportunity to generate a revenue income to support the delivery of services.
- 1.4 The financial and non-financial outcomes of this options appraisal are presented in the attached Business Case (Appendix A) and supported by an Options Appraisal Table (Appendix B), a Market Summary Report by Carter Jonas (Appendix C), a Risk Register for the recommended option (Appendix D), a Programme for the recommended option (Appendix E) and a Financial Appraisal Summary (Appendix F).
- 1.5 The purpose of this report is to seek authority to proceed with the development in line with the recommendations of the Business Case (Appendix A).
- 1.6 An allocation of up to **£6 million** of capital funding is sought, which will be funded from the Investing in Our Growth Fund, established within the 2024 to 2025 budget process.

2. Proposals within this report

- 2.1 The business case (Appendix A) reports on the strategic, economic, commercial, financial and management case for this investment.
- 2.2 The options appraisal has considered a wide variety of potential uses and development options, which were shaped through discussions with the Leader of the Council, Portfolio Holder for Resources and Cabinet members, to meet the Council's strategic priorities whilst balanced against:
 - Retaining ownership of the site for longer term opportunities in the delivery of the Council's strategic priorities;
 - Providing short term flexibility to meet a challenging and changing economic market;

- Need for financial certainty, lower capital investment options, income certainty and reduction of ongoing holding costs;
 - Remediation of the site due to the age of the structure and materials and addressing any contamination caused by previous historic uses; and
 - Planning regulations and guidance.
- 2.3 The option being put forward achieves this by creating a recreational and community area in the former depot that, together with the skatepark and surrounding college and neighbouring leisure centre, supports thriving communities – especially targeted for young people. The warehouse section (former NHS supplies building) will be altered for uses in support of the local economy and sustainable growth, while the baling shed will be retained and refurbished for Council storage use (subject to obtaining planning permission).
- 2.4 The recommended option has a total project cost of up to £7 million, which includes the £1 million already agreed in the previous decision on the Western Way Development (WWD) project in September 2023, as set out in the Council report dated 26 September 2023 [report number: CAB/WS/23/041]. This option is showing a potential initial breakeven position after borrowing (over 10 years) is taken into account, funded by the income associated with the letting of the building. A net return after borrowing is expected as market rents increase and extending the life of the £6 million investment over a longer life than 10 years (of which the investment will have a longer life) would show an immediate net return after borrowing. Further details can be found in the financial case (section 4) of the Business Case (Appendix A).
- 2.5 The works required will be subject to surveys and negotiations with potential tenants, and the capital will be spent if required to secure tenants and meet building regulations and good practice.
- 2.6 The proposals, which would be subject to a planning application, means the Council will receive an income to offset these costs while having the flexibility to meet and take advantage of future opportunities and a potentially less challenging market.
- 2.7 This follows the decision not to pursue the Western Way project due to the financial risk in challenging times and uncertainty of costs and income.
- 2.8 A provisional proposal has been received for a trampoline and virtual reality experience use within the former depot, whilst it is proposed that the remaining site is marketed for permitted employment uses and/or a storage and distribution use (subject to acceptable highways movements) within the existing lawful use. In addition, other uses could be pursued that fall within the planning allocation set out in the emerging Local Plan. The end use will be led by the greatest links to our strategic priorities and/or market demand.

- 2.9 The recommended option will therefore keep the largest number of future possibilities open, at the lowest level of initial capital risk, and allows Cabinet to pursue initiatives with wider strategic benefits if the opportunity and/or funding arises in the future.
- 2.10 In addition to the depot and warehouse proposals, the Business Case (Appendix A) also sets out other works to the site, which include:
- Retaining and refurbishing the baling shed building for a Council storage use; and
 - Retaining the battery storage container in its existing location in the visitor’s car park of West Suffolk House (subject to obtaining planning permission for its permanent location).

3. Alternative options that have been considered

- 3.1 The attached Business Case (Appendix A), Options Appraisal Table (Appendix B) and Financial Appraisal (Appendix F) set out the considered options and provides commentary on each of these options.

4. Consultation and engagement undertaken

- 4.1 The Leader and all Cabinet members have been consulted throughout the process and all relevant service areas were engaged at the start of the options appraisal.
- 4.2 Further updates will be provided to Cabinet members via briefings, at various gateways throughout the development process, but particularly once costs have been set following procurement of the main contract.

5. Risks associated with the proposals

- 5.1 The potential risks associated with the proposed development are captured in the Business Case (Appendix A) and the associated appendices.

6. Implications arising from the proposals

- 6.1 Financial - as set out in the business case attached as Appendix A.
- 6.2 Personal data processing – not applicable.
- 6.3 Equalities - At this stage of the development of proposals for the future of the Olding Road site, an initial consideration of the potential equalities impacts has been undertaken. Given that the criteria for the options appraisal included a requirement that the proposals supported the council’s strategic priorities, the overall outcome of the recommended option is likely to be positive on the community as a whole. Meanwhile, there are no specific population sub-groups in the locality who are likely to be differentially impacted by the proposals. Further assessments of the

equalities impact of the proposals will be carried out at later stages of the project, for example, a screening Equality Impact Assessment at the point of any planning application being developed.

- 6.4 Crime and disorder – bringing the assets back into use, as per the proposals, reduces the risk for crime and disorder associated with having a vacant site.
- 6.5 Safeguarding – not applicable.
- 6.6 Environment or sustainability – as set out in the Business Case (Appendix A).
- 6.7 HR or staffing – not applicable.
- 6.8 Changes to existing policies – not applicable.
- 6.9 External organisations (such as businesses, community groups) – as set out in the governance structure in section 5 of the Business Case (Appendix A).

7. Appendices referenced in this report

- 7.1 Appendix A: Full Business Case for the Olding Road Options Appraisal (printed and online).
- 7.2 Appendix B: Option Appraisal Table (online only).
- 7.3 Appendix C: Carter Jonas Market Summary Report (online only).
- 7.4 Appendix D: Risk Register for Recommended Option (online only).
- 7.5 Appendix E: Strategic Programme for Recommended Option (online only).
- 7.6 Appendix F: Financial Appraisal (online only).
- 7.7 To minimise printing, only Appendix A is being printed and circulated in advance of the meeting to councillors with their agenda packs. All other appendices, which provide supplementary information to the main documents, are only being published online as part of the agenda pack at the following link: [Agenda for Council on Tuesday 16 July 2024, 7.00 pm \(westsuffolk.gov.uk\)](https://www.westsuffolk.gov.uk/Agenda-for-Council-on-Tuesday-16-July-2024-7.00-pm). **However, any of these appendices can be provided as a printed version upon request from Democratic Services.**

8. Background documents associated with this report

- 8.1 This report should be read in conjunction with the Cabinet referral report to [Council](#) dated 26 September 2023 [report number: [CAB/WS/23/041](#) and [Addendum](#)], which sets out the decision on the Western Way Development project.