

Business case – Regeneration of former 6 Cross Street, Eye

Executive Summary

This business case has assessed the strategic, economic commercial financial reasons regenerating the premise of formerly 6 Cross street, Eye. The premise is located centrally within Eye and adjoins the new Eye library, public conveniences, and public car park.

The premise is currently vacant has been vacant for over 10 years. This premise gives both the District Council and Town Council an opportunity to improve the offer within Eye. Several options have been assessed for this premise.

The best option is having an operated incubation space with grow on space within the premise and to have a dedicated space for Eye Town Council for their Town Clerk and project coordinator.

Introduction

This business case seeks formal approval to invest £195,000 to regenerate the property formerly 6 Cross Street, Eye. The opportunity to bring this premises back into use and to benefit several Mid Suffolk Strategic outcomes. Funding for the low carbon options of £90,000 is being funding through a grant from SALIX. A grant of £45,000 was secured from the Suffolk Growth Investment Fund to provide additional wok space within the district.

Current position

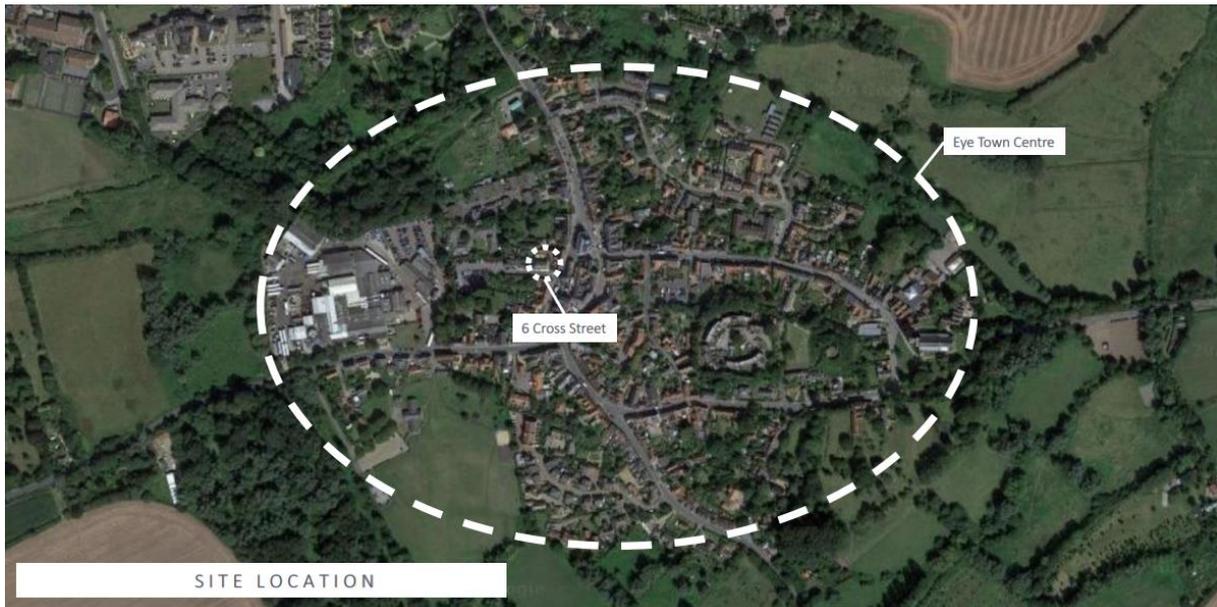
Currently the premises are vacant and is owned by Suffolk County Council. The property has not been in use for over 10 years and has suffered deterioration of the premise over this time. This deterioration includes water damage and the removal of the heating system within the premises.

We are in the process or transferring building into Mid Suffolk District Council ownership. In agreement with Suffolk County Council and Eye Town Council to provide accommodation for Eye Town Clerk ad project co-ordinator. The rest of the premises to be innovation and grow on space for businesses within Eye and surrounding area.

As former 6 Cross Street, Eye is a vacant premise, and this has several impacts on the Town:

- **Negative image:** Having vacant or unused premises has a negative image on the town and the offer for visitors. This impacts on consumer confidence as it lessens the experience and enjoyment of the visitors. This can change the visit to a functional visit compared to a leisure experience. As this premise is next to the main public car park many visitors of the Town park and walk pass this premises and it is one of first things they will notice.
- **Crime and vandalism –** Vacant premises are prone to damage and the premise to deteriorate over time. Having premise that are vacant can create an ‘unsafe’ environment and a wider influence on the surrounding community. The premise has not been vandalised however, is deteriorating and needs externally works especially given the recent new library and the works to the public conveniences.
- **Economy:** There is a lost business rate income for the local authority as this premise is vacant. Any vacant building can have an impact on the economy of the location and have a negative impact on the image.

Site location



Site boundary

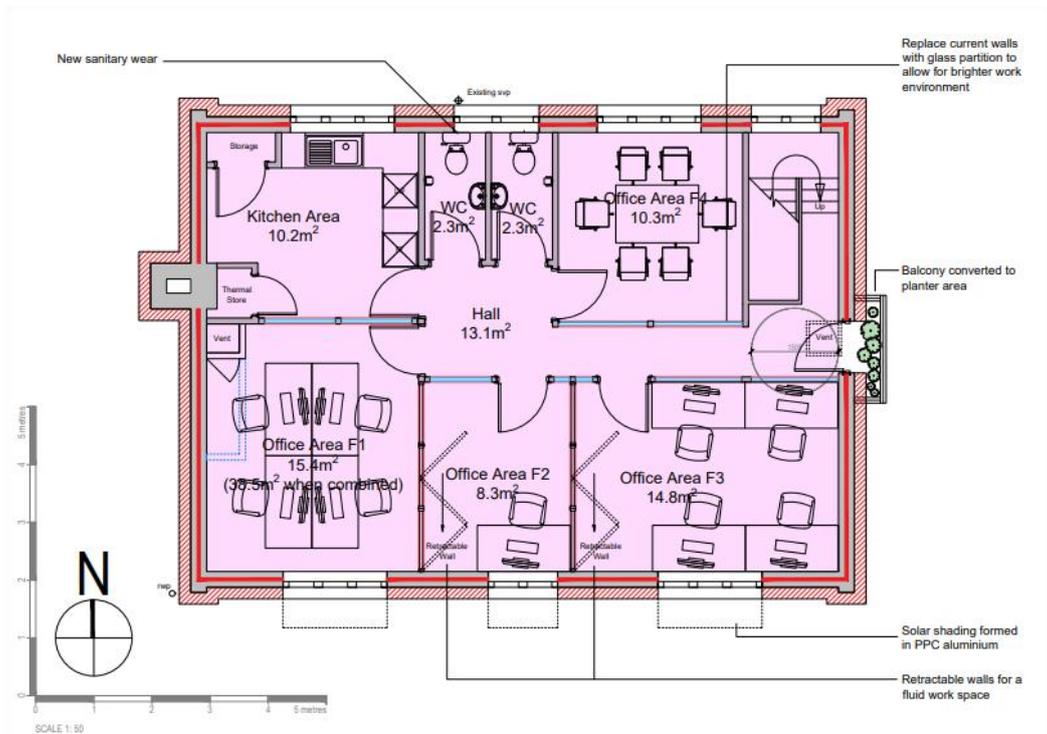


Conclusion

To support this investment and regeneration of former 6 cross street. There is a total capital expenditure is £330,000 which include contingency and fees. The main two components within the expenditure for the low carbon opportunities and the modified work to the layout.

We have secured funding for the low carbon opportunities for the premise through a SALIX funding bid. We have also secured £45,000 towards the modifications for the workspaces. Therefore, the total capital costs being asked for is £195,000.

First Floor



Strategic Case

The proposed investment is to provide two individual needs for Eye within this one premise.

Mid Suffolk alongside with Babergh commissioned a market evaluation and demand study into the provision of business start-up, incubator and grow on business space within their districts. With specific focus on the number nature and demand for commercial floor space¹.

There were several key findings within the assessment, there is limited incubator, serviced offices, and co-working spaces across the two districts. There is a desire for businesses to be able to network and knowledge share, but a lack of space to facilitate this. There is a proven track record in knowledge sharing and collaboration spaces which supports high growth enterprises.

A business incubator is a conducive environment where start-ups, new ventures are nurtured, ideas are developed to commercialization thereby building profitable, sustainable, and scalable enterprises without exposing them to the harsh realities of business environment and high start-up costs. In the incubator tenants are offered training, mentorship, and business support services.

The lack of co-working and hot desk space presents little competition if a new space was created. These need to be created with a community feel that offers networking and business support to aid

¹ Grow on Space Supply and Demand Analysis, October 20219 by Menta - [318MEN Grow on Spaces Study V2.01 \(midsuffolk.gov.uk\)](https://www.midsuffolk.gov.uk)

growth to a business. The high service sector and home working nature of businesses supports this need.

Mid Suffolk has supply shortfall for incubator space (up to 1,500 sq. ft). New build investment costs for incubator space are high and, because of high churn, the security of rental income means commercial investment is seen as high risk. It has been identified in other districts which have invested in incubator space has facilitated growth and the risk has been rewarded.

Preferable locations are on town outskirts where there are better services and amenities. As well as set up that provides a business community which gives the opportunity to collaborate, network and share experiences and knowledge is an important part of the early stages of these businesses and the relationships they form.

Key stakeholders identified two investment objectives for this investment proposal. Investment objective one: To provide incubation space and grow on space for business and investment objective two: Location for Eye town Council to have an office.

Considering Suffolk District Council vision is to build "*Great communities with bright and healthy futures that everyone is proud to call home*". This investment underpins the organisations vision and mission which is to provide strong, proud and inspirational leadership and that we will striving for excellence, and together building great communities for everyone to live, work, visit and invest in.

Our strategic priorities:

- Environment
- Economy
- Housing
- Wellbeing,
- Our customers
- Our communities

The strategic priorities and alignment to our existing strategies this regeneration of the premise at former 6 Cross Street, Eye has been considered. There are several sustainable and environmental aspects considered for the regeneration. These aspects link with the Strategic Asset Management Policy.

The project has balanced the with social value the regeneration would bring to the area and investment that would be created from this asset which is point. The premise would be a partnership with the Town Council and there would be a sustainable income from the workplaces.

Within the Environmental Action Plan we have ensured that the premise has low carbon impact and high levels of energy efficiency. There is low carbon transport infrastructure including cycling (including storage) and electric vehicle charging as well as good public transport linkages.

Public transportation



The regeneration proposal has three key strands:

Reduction on the building's energy demand

- Add insulation to reduce winter heating load.
- Add external shading and secure night-time ventilation to reduce summer cooling load.
- Installation of high-efficiency LED lighting

Supply the reduced demand energy sustainably.

- Heat the building using a high-efficiency heat pump.
- Power the heat pump using on-site renewable energy from solar electric (photovoltaic) panels.

Support sustainable transport.

- Additional 2 electric car charging points
- Additional 4 electric bike charging points
- Supply charging points via on-site photovoltaic canopies

Table 1: The case for change is summarised for each investment objective below.

Investment Objective One	To provide incubation space and grow on space for business
Existing Arrangements	There is limited incubation space and grow on space for businesses within Eye and the surrounding area that provides the support and collaboration space that businesses require. There is currently no provision within Eye or the local surrounding area and there is one premise that is under 500 sq ft.
Business Needs	Incubation space and grow on space is required for businesses to have an environment that supports and provide encouragement to grow their business. This is essential to support our economic growth to have a range of spaces for all businesses especially for start-ups and micro units
Potential Scope	The premises provide a flexible working space that has both single workspaces and areas that can create micro units within the same premises.
Potential Benefits	Having a premise that can flex the needs of the users is key as moving from a single workspace to a micro unit within the same premise. This provides the similarities of the same premise and collaborative work with others
Potential Risks	That the space is not maximised, and the income expected is not reached
Constraints and Dependencies	There will be a dependent on an operator to manage the space and maximise the potential.
Investment Objective Two	Location for Eye Town Council to have an office
Existing Arrangements	The Town Clerk for Eye is currently working out of one of Mid Suffolk District Councils 'touchdown' location within Tacon Close, Eye. This is a shared working space with Mid Suffolk officers.
Business Needs	There is only space for the Town Clerk and there is a Town project co-ordinator that does not have a workspace with the Town Clerk. The current location is within a housing area and cannot have visitors and is not near the town centre.
Potential Scope	The provide a location that is within the town centre and near to the Town Hall and that has space for both officers and use of a meeting room. A location that can have visitors.
Potential Benefits	The location is within the Town Centre and close the town Hall which supports the officers to support the Town Council. That the location has parking and is open for residents and visitors. The location will have space for both officers and a meeting room available
Potential Risks	That the Council may need additional space in the future, though this could be address within changes to the internal layout
Constraints and Dependencies	

Economic Case

Set out the key findings of the initial options analysis and overall conclusions, including the recommended preferred way forward. Include range-based estimates of the indicative costs and benefits of each of the short-listed options.

The layout is based on having two areas within the premises, a space for the Town Council and workspace. There will income from the workspace.

The forecasted income is based on Innovation Labs membership model. The estimated income is circa £17,875 per annum. The financial appraisal for the income and expenditure is detailed in the spreadsheet in appendix E.

An example of the different rates and options for the workspace:

- Hot desk (which the income is based on above)
- Drop in hot desk – estimated £24/day
- Fixed desk – this would be estimated about £160/month

There are several social and economic benefits for creating innovation hub:

- Boosts economic development - Small business can developed in greater numbers faster than larger businesses.
- Diversification of the local economy
- Job creation especially as small business as they can create local employment for residents.
- Innovation generation
- Support for collaborative working and partnerships.

Commercial Case

This proposal has considered the commercial case for this regeneration. The premise has currently been vacant over 10 years and has had limited maintenance since it was last occupied. The building is deteriorating and is next to the brand-new library and regenerated public convenience. Suffolk County Council is in the process of transferring the building to Mid Suffolk as they are keen for the premises to receive investment and provide facilities that benefit for the community.

The Town Council are wanting office space as are currently in Tacon Close and would like to be closer to the town centre with a public car park next door. A space that has room for at least officers and use of a meeting room. A location that is available for the residents and visitors to visit the Town Clerk and project co-ordinator.

There is identified need for incubation and start up space that is in or on the town outskirts where there are better services and amenities. Seeking to develop new innovation and hot desk spaces to meet this demand and any increased demand post COVID.

Businesses want to rent not buy, to give them flexibility in the early stages of their business with leases that have easy in and out terms, opportunity to collaborate, network and share experiences and knowledge is an important part of the early stages for these businesses and the relationships they form.

Therefore, this proposed layout of the premises supports two commercial elements that there is demonstrated need within Eye.

Financial Case

There is a total capital expenditure is £330,000 which include contingency and fees. The main two components within the expenditure for the low carbon opportunities and the modified work to the layout.

The low carbon opportunities estimated to cost £90,000 which includes:

- Build up ground floor to provide new insulated floor and loft insulation, cavity wall insulation, external wall insulation and external shading.
- Install heat pump, thermal store and new radiators.
- Install photovoltaic panels to roof and cycle shelter with photovoltaic canopy and electric bike charging points and a double car park charging points.

The modified work for the detailed options is estimated to cost £180,000 which includes:

- Strip existing suspended ceilings, floor finishes and existing kitchen fittings and removal redundant services
- New layout with partitions and doors as per plans, installation of an accessible WC, new kitchen and kitchenette and WC within the Town Councils section
- Install new suspended ceiling, new LED lighting, new trunking to FF offices, alterations to existing sockets. New floor finishes and new canopy over the entry

Contingency and fees are estimated to cost £60,000.

We have secured funding for the low carbon opportunities for the premise through a SALIX funding bid. We have also secured £45,000 towards the modifications for the workspaces. Therefore, the total capital costs being asked for is £195,000.

Main Benefits

There are several benefits that are both monetary and non-monetary and detailed within the tables below:

Table 2: Analysis of potential benefits that can be expressed in monetary terms

Main Benefits	Who Benefits?	Direct or Indirect?	Description
Providing a suitable location for the officers of Eye Town Councils	Eye Town Councils	Direct	A public location that residents and visitors can meet with the Town Council officers. A space for collaborative working with the Eye Town Council officers.
Location for starts-up with support			Workspace is needed but with the support for the individuals and businesses to develop and
Workspace availability			Within the impact of COVID and

Table 3: Analysis of potential benefits that cannot be reliably expressed in monetary terms

Main Benefits	Who Benefits?	Direct or Indirect?	Quantitative or Qualitative?	Description and Possible Measures
A location for the public to meet with the officers of Town Council	Visitors, residents and partners	Direct	Qualitative	Number of residents visiting the premise
Boost to the economy sector	local economy	Direct	Quantitative	Number of businesses within the district

Main Risks

The main risks are detailed below within table 4, though there are no risk that are either high in consequence or likelihood.

Table 4: Initial risk analysis

Main Risks	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
The forecasted income is not matched	M	L	The forecasted income is based on the lowest rates for the workspace. The evidence suggested that there is need for this type of workspace. As well as the impact of COIVD wanting workspaces that are not based within someone home.
Eye Town Council requirements changing	L	L	Continuously communication with Town Council and where possible make layout changes to accommodate their requirements.