

**NEW STARTER UNITS, CAXTON ROAD , ST IVES
(Report by the Head of Law, Property and Governance)**

1. PURPOSE

To seek approval to the release of MTP funding for the development of the former depot at Caxton Road with new industrial and commercial premises.

2. BACKGROUND

2.1 There is an approved allocation of MTP funding for the provision of new starter units in St Ives, the only market town where the Council does not have any units at present. The provision of starter units of this type has been identified as an effective means of assisting the local economy to recover from the recession. This is recognised by Cambridgeshire County Council (CC) who have offered to support the initiative using funds allocated to help in the economic downturn.

2.2 Despite an extensive search, it had not proved possible to find a suitable site for development until the Caxton Road depot became available following the relocation to Eastfield House. This site of 0.45 acres is ideal in terms of location and size for a scheme of small starter units.

2.3 The intention is to provide a flexible, mixed development of workspaces and small offices for new and small businesses. The construction of good quality business premises will also help to improve the attractiveness of this industrial estate. The units will have a strategic location in terms of the Huntingdon – St Ives – Cambridge guided bus, which will help to maximise opportunities that will arise from this initiative.

2.4 A business plan supporting the proposed development is attached as Appendix A.

3. PROPOSED SCHEME

3.1 The scheme comprises 8 small commercial workspaces and 6 offices. There would be a single access road with the offices at the front and a security gate at the entrance. Planning consent has been granted.

3.2 Schemes of this type have a proven track record in helping to achieve the aims of the Local Economy Strategy particularly in respect of the start up of new small businesses. Importantly the scheme also presents an opportunity to implement the Council's Environment Strategy by improving waste and energy efficiency, by utilising renewable resources, and by showcasing and promoting the Green Agenda for business premises. To achieve this, the design incorporates a number of features referred to in section 5.2 of the business plan and will:

- improve on Building Regulation CO² emissions standards by 40%;
- require the contractor to implement a site waste management plan;
- utilise climate control, natural daylight and ventilation
- use rain water harvesting for toilet flushing;
- provide an air source heat recovery system incorporating integrated dynamic insulation cell technology;
- have a green sedum roof over the workshops providing water attenuation, minimising overloading the mains sewer during peak rainfall periods;
- use low energy light fittings internally and recently developed efficient LED (Light Emitting Diode) external lighting; and
- have proactive waste management systems by encouraging a co-operative recycling system.

3.3 The new buildings would have a minimum economic life of 30 years

4. FINANCIAL IMPLICATIONS

4.1 A financial appraisal is included in the attached business plan (section 7 of the Business Plan). Although primarily an economic development scheme providing business and job opportunities, the scheme will generate a return of approximately 5% over a 25 year period. If sold after 25 years the net present value has been assessed at £230k. Net present value is the value today of the development in 25 years time after taking into account all the expenditure and income throughout the period.

4.2 An offer of £150k capital funding from CC has been received for a partnership scheme supporting employment generation. This funding is only available during the current financial year and this scheme would fit the criteria. In return for the contribution the CC would receive a pro rata share of the income after deducting management and maintenance costs. At the end of the agreement (which could be 25 years or longer) or if the development is sold, the CC would receive the same share of any capital receipt. In financial terms the contribution has a neutral impact but there are benefits of sharing the risks and having the County Council on board as a partner.

4.3 A contribution of £25k is being made from the Council's Environment Strategy's Capital Funds for Energy Efficiency and Renewables for HDC projects.

5 RISKS

5.1 There are two main risks:

- Final build cost exceeds the tender price. This will be minimised by stringent cost control management and monitoring.

- Not achieving full occupation of the units. This is addressed in the business plan. These high quality units with environmentally sustainable features are expected to prove particularly attractive for new, small businesses.

5.2 The financial implications of these risks have been considered (para 7.5 of the business plan) and the risks inherent in the project are considered to be relatively small and manageable.

6. CONCLUSION

6.1 This scheme will create new employment opportunities, contribute to the Council's environmental strategy and generate a financial return, meeting several objectives of the corporate plan "Growing Success":

- Community Aim - a strong and diverse economy;
- Community Aim – a clean, green and attractive place by using resources more efficiently and helping to mitigate and adapt to climate change; and
- Council Aim - to maintain sound finances by maintaining business and income opportunities including external funding and grants

6.2 It is also hoped that the completion of the project in 12 months time will coincide with an upturn in the economy.

7. RECOMMENDATIONS

7.1 Cabinet is recommended to:-

- (i) approve the proposed scheme;
- (ii) release the funds included in the MTP scheme for Industrial Units (number 239); and
- (iii) authorise the Director of Central Services to accept the contribution from the County Council subject to the agreement of detailed terms

BACKGROUND INFORMATION

Estates file C/165/2

Planning permission 0802942 dated 18th December 2008

Contact Officer: Keith Phillips, Estates & Property Manager

☎ (01480) 388260