

Pier Restaurant, Rousay, Orkney

Options Appraisal

for

Rousay, Egilsay & Wyre Development Trust (REWDT)

by

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Options Appraisal

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1.0 Introduction

- 1.1 This Options Appraisal was commissioned to examine preferred uses and community hub development potential should the Pier Restaurant on Rousay be acquired by REWDT. A subsequent more detailed feasibility study and business plan would examine the preferred option in more detail.
- 1.2 The building and site are in an ideal strategic location on Rousay – adjacent to the ferry terminal, pier and moorings, and the shortest travel distance for most island residents.
- 1.3 The aim of REWDT is to improve the quality of life for the islands' inhabitants of all ages, in ways that are both sustainable and environmentally sound.
- 1.4 Options are set out in this report to enable the REWDT directors to provide a steer on what might be included in the feasibility analysis and business plan that would put figures on their preferences – subject to the availability of sufficient support funding to complement the funding that REWDT might commit towards the development.
- 1.5 This document should be read in conjunction with the drawings prepared by architect Shane Scott for REWDT and the initial costings prepared by Billy Groundwater for the prime options to which the drawings relate. Variants on these options would be possible and development could be phased.

2.0 REWDT’s mandate for purchase and expressed community preferences

2.1 Through this Hub project REWDT is seeking to address several identified needs through utilising a single multi-functional building – a focal point for community life, one that is welcoming to all age-groups and backgrounds; a gathering place; a café; a visitor facility and a trigger for future economic activity.

2.2 The REWDT 2018 community engagement exercise provided a mandate for the purchase of the Pier Restaurant site and conversion to a community hub based on the question:

“Should REWDT purchase the Pier Restaurant if some funding is obtained from external funding?”

2.3 In response, 153 (of the 254 questionnaires sent out) residents voted: 103 Voted Yes; 33 Voted No; giving an indicative support level of 60.2% of the community.

REWDT also asked the question

“Should REWDT purchase the Pier Restaurant even if the external funders do not provide funding?”

2.4 In response, 153 residents voted: 107 Voted Yes; 33 Voted No. (Some of the positive questionnaires returned only voted for one or the other of these questions.) Based on this mandate the REWDT Board has agreed to proceed with the purchase using its own funds.

2.5 The 2018 mandate is based on a specific question about a specific building. It is supported by the 2017 REWDT Survey Report that collated views of 67% of REW adult residents, representing 74% of households, in which new community space was identified as the most popular unprompted suggestion (13 votes) in response to the question:

“What do you think are the most pressing community and amenity needs on REW?”

2.6 The 2018 mandate identified further community support for elements residents wished to see included in any new hub:

Activity	Question	Support
Infrastructure	Location for hiring and charging electric vehicles (112Y:6N)	Very High
Services	Tourist office or information point (Y86:N26)	High
	Refreshment area (Y111:N4)	Very High
	Licensed premises (Y52:N56)	Neutral
Permanent home	Crafthub (Y110:N5)	Very High
	Snooker Club (Y74:N22)	High
	New Reuse/Recycle Shop (Y86:N26)	High
	REWDT Office (Y69:N25)	High
Meeting venues	Community Rooms for hire (Y90:N16)	Very High
	Farmers (Y47:N29)	Medium
	Sailing Club (Y61:N37)	Medium

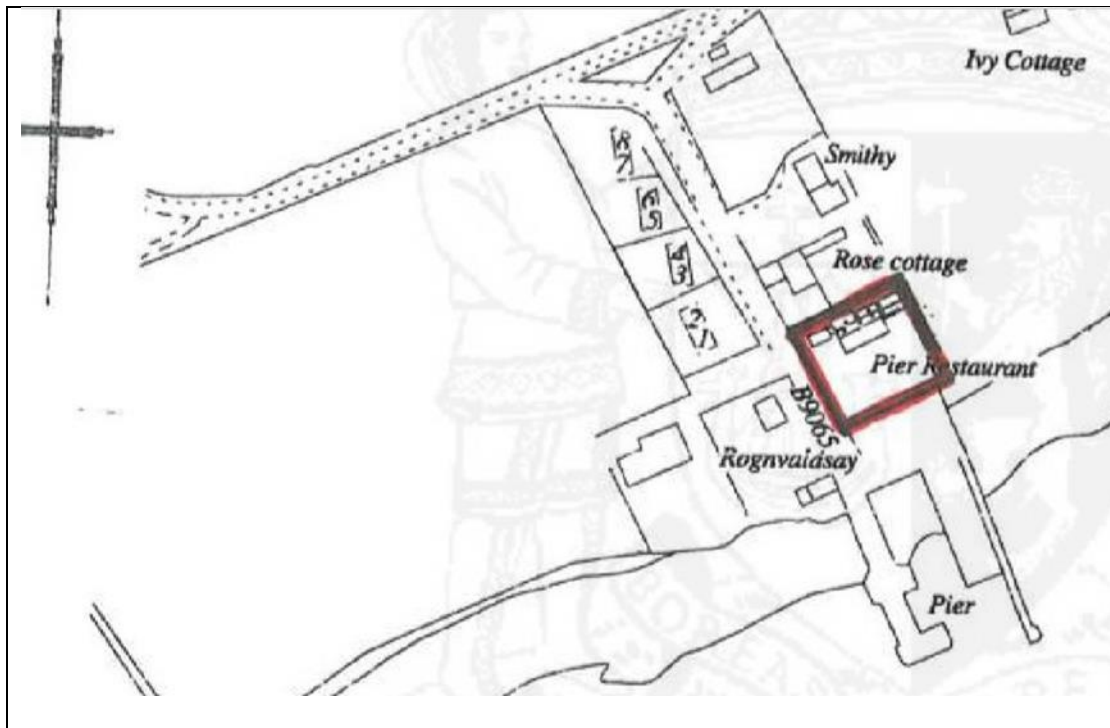
- 2.7 The 2018 Community mandate questions focused on Yes/No responses and there were no questions clarifying willingness to pay/levels of use or on the scale and quality of facilities like ‘small refreshment area’, ‘regulated managed licenced area’, information area or technological fit out for business or community use.
- 2.8 The 2017 report recorded a majority (59%) agreeing there are already enough community facilities, with comments such as *“we don’t use what we have already, and we should work out a way to use them more before creating any more”*. And 50% disagreed that RWEDT should purchase and renovate a current property.
- 2.9 But, a significant minority (30%) considered that *“there aren’t sufficient community facilities at present”*, saying *“we make do with what we have instead of having specific resources”* and 30% also agreed with the idea that RWEDT should purchase and renovate a current property. Of the nine secondary pupils surveyed, five believed there to be enough community facilities, although three strongly disagreed.
- 2.10 In the 2017 Survey, some preferences of relevance to the proposed community hub were also identified:

Suggestions for accommodating groups and users included	<ul style="list-style-type: none"> • Triangle Club (for older people) • Craithub • REWDT office space • A café (not serving alcohol) • Local heritage material kept safe.
Employment opportunities identified included	<ul style="list-style-type: none"> • New food and drink products such as oysters, crabs, new bakery and meat products • Tourism opportunities to encourage people to stay longer • Craithub described as a “brilliant gem” – advertising crafts that go off the island
Barriers to employment identified included	<ul style="list-style-type: none"> • Broadband (47 votes seek improvements) and phone services (16 votes seek improvements) • Lack of a “product or produce” from Rousay
Help from REWDT suggested	<ul style="list-style-type: none"> • Marketing campaign • Financial support • Free travel (e.g. from the other islands) • 62% supported a REW brand – linked primarily to food, crafts, seafood and events
Improvements suggested	<ul style="list-style-type: none"> • First impressions of the pier • More places to eat and drink • Tourism/marketing officer – working with partners, and Orkney mainland shows, events, outlets plus responsibilities for print and digital media • Making sure information (opening times, accessibility etc) on sites is current and available
Constraints	<ul style="list-style-type: none"> • 50:50 support/opposition in community for alcohol licence

- 2.11 Self-catering rather than office use would be an alternative that would bring in rental income.

3.0 Site status

3.1 The Pier Restaurant site/property conditions and constraints are summarised below:



Site location	Rousay, Orkney, KW17 2PU within the rural settlement of Brinian.
Site name	Pier Restaurant
Title	In private freehold, the owners Mr and Mrs Flaws
Tenants and the terms of their lease	RWEDT lease the building and operate an annual sub-lease to Craithub CIC who pay rent and a contribution towards the costs of electricity and oil
Burdens or title restrictions	None known
Type of asset	Building, car park and garden ground.
Use class	In June 2018, OIC approved an application (18/122/PP) for a change of use of part of the Pier Restaurant (Class 3) to a shop (Class 1)
Size and shape (or 'footprint') of the site and property	The site area is approximately 1,347m ² (measured to outer face of boundary walls). Building (Pier Restaurant, Former Shop and Storage Shed – single story with 'converted' attic space under pitched roof). The total internal floor area of the existing building is approximately 315m ² (measured to inner face of perimeter walls). Boundary walls are rubble drystone
Current condition and flexibility for re-developing these	Previously a commercial garage, the building traded as the Pier Restaurant. The building fabric has not been fully surveyed, and issues including insulation and the condition of extensions/shed will need to be addressed.
History of uses at the site and likelihood of any contamination	Past use as a commercial garage site with disused fuel tanks. Access by manhole covers – believed filled

	with water when decommissioned and will need to be made safe.
Hazardous materials	None known although there may be contamination from fuels and oils and asbestos-containing materials
Invasive species	None known
Topography / drainage	Slope – will facilitate surface drainage
Soil quality	Garden area/drying green to grass and shrubs
Amount of sunlight / shading	Open aspect to the south
Restrictions on re-development due to any designations	The site has no recorded archaeological or heritage features but may have significance or value to local residents.
Key services in place	Mains water Single phase electricity Single phone Private septic tank draining to public septic tank at pier head Domestic scale oil storage tanks for heating
Key issues in relation to securing a building warrant	No building warrant for first floor and other additions Dampness has been noted in some storage areas
Likely environmental impacts associated with site re-development and operations	Impacts would relate to waste generation from future activities
Site security and safety	Island location – low security risk Exit signs, fire extinguishers in place
Accessibility – to site	Proximity to ferry terminal Direct access to adopted public road
Accessibility – within site. Does it comply with the Equality Act?	Entry ramp and disabled toilet
Visibility – can people see / find the property easily?	Good visibility from public ferry terminal
Is the site welcoming?	Yes in terms of location and access. Less so in terms of building condition and general ambiance.
Relevant planning policies within the Local Development Plan	Orkney Local Development Plan 2017 (OLPD 2017) Relevant Policies: <ul style="list-style-type: none"> • Policy 1 – Criteria for All Development • Policy 3 – Settlements, Town Centres & Primary Retail • Policy 4 – Business, Industry & Employment The Spatial Strategy of the OLDP 2017 supports <i>“Development within the islands ‘Isles Approach’, which support permanent resident populations and are served by public transport services, will be supported where it accords with relevant Plan policies and where it shall not place any unacceptable burden on existing infrastructure and services”</i> .
Neighbour views	No current concerns have been noted No issues have been raised in respect of car parking from OIC Roads Services.

The Craffhub

- 3.2 A permanent home for the Craffhub at the new hub was overwhelmingly supported by the community mandate. The Craffhub C.I.C. is a social enterprise run as a Community Interest Company limited by guarantee. Their sub-lease of the property from REWDT (except one building?) began in April 2018.
- 3.3 The Craffhub Team comprises six volunteer directors. The Craffhub is staffed by paid employees, including a manager, and volunteers. Activities include café, craft sales, craft workshops/training and various other activities as listed in the Strengths analysis below.

Craffhub product sales (hand made on Rousay):

- Pottery
- Paintings and drawings
- Photography
- Knitted products
- Jewellery
- Jams and Preserves
- Quilting products
- Local books

Craffhub Café offers:

- Coffee and bakery items
- Soup and rolls
- Sandwiches and toasties

- 3.4 Current levels of trade are unknown, e.g. number of covers per day/average margins etc, and comparisons/management accounts from previous years/seasons are unavailable.
- 3.5 Craffhub as a core tenant – SWOT Analysis

<p>Strengths</p> <p>Open 6 days 10 -6pm (7 days in summer)</p> <p>Other compatible uses have included:</p> <ul style="list-style-type: none"> • Coffee morning • Book group • Teenage social group • Computer/Digital drop in • Yarn and Yap • Music sessions <p>Training/workshops</p> <p>Three toilets with one disabled access</p> <p>Access ramp</p> <p>Some rewiring of electrics & fire alarms</p>	<p>Opportunities</p> <ul style="list-style-type: none"> • Offers visitor information and advice – open when ferry arrives • On Creative Orkney Trail 2019 • 336 followers on Facebook • Old shop can be used for storage and layout during craft workshops • Kitchen (passed environmental health inspection) • Space to display artwork on walls • Some office space in the previous ‘snug’ • Activities (craft/training) • Employment
<p>Weaknesses</p> <p>Limited creative space</p> <p>Limited café space</p> <p>Limited space for storage of equipment like spinning wheels and sewing machines</p> <p>Dampness in storage areas</p>	<p>Threats</p> <p>Café could be tendered by REWDT to another operator</p> <p>Affordable rental level difficult to establish at this stage</p> <p>Limited term lease</p> <p>Seasonality</p>

<p>Limited space for other activities (e.g. snooker) which could occupy café or sales area</p> <p>Limited space for social events</p> <p>Poor digital connectivity</p>	<p>Costs and sales margin control, e.g.</p> <ul style="list-style-type: none"> • Cost of labour • Cost of supplies <p>No completion certification for</p> <ul style="list-style-type: none"> • old garages/workshop and • first floor flat
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Other potential user groups

- 3.6 As identified in the 2018 survey there are some other groups in the community that either need dedicated space possibly with fit out and equipment, or require accessible space for events from time to time.
- 3.7 Dedicated permanent space options:
- Snooker Club with around 30 members (limited term lease on existing old school premises)
 - Re-located office for REWDT staff
- 3.8 Accessible space from time to time options:
- Meeting room for the Sailing Club (a new marina and associated facilities are planned which could remove this need)
 - Meeting room for farmers
 - Space for hire – businesses or visiting services (physio, podiatry, hairdressing etc)
 - Bridge Club
 - Youth groups – Brownies/Cubs
 - Film nights
 - Events – e.g. RNLI Fund Raisers and Island lap and half lap races
- 3.9 The Craffhub already retails, mainly to visitors, 8-10 craft lines produced on the island. The 2017 Survey noted some support for developing an REW ‘Brand’ which would help off island sales at mainland shows and outlets.
- 3.10 In 2017, but not mentioned in 2018, support was expressed for facilities to add value to other local produce such as oysters and crabs, or bakery and butchery products. This would require investment in kitchen, processing and packing facilities, but product value and hence margins can increase significantly.

Gateway to Rousay

- 3.11 Other buildings at the pierhead site include:
- OIC waiting room with displays and toilets (mainly used for ferry departures)
 - Store house area (owned by REWDT and leased to REW Heritage Trust SCIO?)
- 3.12 Some visitors and residents suggest that it is not always clear to people what to do, where to go, and areas of sensitivity and significance on Rousay. There may be merit in examining how these buildings might contribute better to the ‘sense of arrival’ and enhance the visitor experience on Rousay in association with the new hub. This would also fit with a community desire for more services and infrastructure to be installed – Bikes and EV charging, space for

visiting services, recycle shop, and possibly accommodation for those coming from neighbouring islands.

4.0 User analysis and assumptions that underpin the options appraisal

4.1 To inform the community hub proposals the following potential user characteristics and assumptions are noted. Rousay, Egilsay and Wyre are classed as Very Remote Rural areas under the Scottish Government 8-fold Urban/Rural classification.

Residents

4.2 Between 2011 and 2016, the population of the Rousay datazone (which includes Shapinsay, Egilsay and Wyre) decreased by 11 people (-1.9%). This contrasted with population growth in Orkney (2.3%) and Scotland (2.1%).

4.3 REWDT advise that the population of the three islands in 2017 was 241, with 74 people over the age of 70, a primary school roll of 11, and 14 secondary pupils. Unless new measures are put in place, this suggests population decline from 2011 will continue, with fewer people of working age and fewer children living on the three islands.

Visitors

4.4 Recent survey work identified that 10% of visitors to Orkney had visited Rousay (compared with 18% visiting Hoy). Out of 174,273 visits to Orkney in 2017, this suggests that Rousay attracted approximately 17,500 visits in 2017. Many of these will have been day visits from accommodation on mainland Orkney. 2% of visitors had visited Egilsay and 1% had visited Wyre.

4.5 Based on five daily departures, OIC reported annual ferry passenger numbers to Rousay as 46,603 in 2016¹ (Egilsay 2,941 and Wyre 1,911) and vehicle numbers as 13,706. These numbers have seen a steady decline by around 10% since 2005. Only the route to North Hoy, amongst the other small islands, appears to have experienced an increase in passengers over this period, although numbers travelling to Sanday and Shapinsay have seen little change. The 2017 survey suggested ferry capacity was a constraint in the summer but is enough during the winter timetable period.

4.6 It is reasonable to assume that 'business' passengers (including public sector workers, tradespeople, and professionals) might make up 12% of passengers, with island residents making up the remaining 50%. This is based on the average resident taking approximately 108 trips per year to mainland Orkney, or roughly 2 trips per week (some more, some less).

4.7 Therefore it is assumed that visitors make up the remaining 38% of ferry passengers to Rousay, although actual numbers could increase if overall visitor numbers to Orkney rise. Cruise passenger visits to Orkney increased by 250% from 2011 to 2017 and this increase looks set to continue, although it is likely that most will remain on the Orkney mainland.

4.8 Rousay also welcomes specialist groups from time to time – for example, groups associated with archaeology, wildlife, crafts and sailing. Importantly, these groups can contribute to sales by local businesses and enhance social life by staging music events and ceilidhs. Suitable and accessible space for larger groups can be a constraint.

¹ http://www.orkney.gov.uk/Files/Business-and-Trade/Economic_Review/Economic_Review_2016.pdf page 54

5.0 Evidence and examples from elsewhere

- 5.1 Community hubs provide a focal point and facilities to foster greater local community activity and bring residents, visitors, the local business community, and smaller organisations together to improve the quality of life in their areas.

Hub types

- 5.2 To inform thinking on the Rousay hub proposal, the following types of hub and characteristics of their success are noted. Broadly there are three different types of hubs in rural locations comparable to Rousay:

1. Welcome hubs - simple community spaces, mainly for residents
Offering coffee, knit and natter type activities, aimed at social interaction and tackling isolation etc.
2. Interest hubs – people brought together by common cause
These hubs are more driven by common interests and need – such as the existing Rousay Craffhub; and may reach out to visitors through café/shop.
3. Enterprise hubs – some enterprise hubs are ‘created’ by agencies; others can develop organically from welcome and interest hubs but may move beyond just the community and directly engage businesses and potentially generate new development.

- 5.3 Enterprise hubs tend to offer ‘tangible facilities’ such as workspaces and equipment, and ‘support services’ such as training, networks and IT assistance. Successful growth can depend on the availability and quality of support staff and ‘related variety’ can be more significant to success than attracting a random collection of businesses.

Characteristics of success

- 5.4 Successful hubs are based at the heart of their communities, offering and hosting an evolving range of services, public events and activities, and spaces to meet friends and contribute socially and economically to community life.

- 5.5 Hubs offer an environment within communities to:

- get to know neighbours, make new friends and create stronger community ties
- provide space, activities and events where local communities can come together, creating more of a sense of place
- ensure equality, diversity and inclusion are supported and encouraged
- reduce carbon footprint and build social supply chains
- help young people, especially from lower economic backgrounds, experience work, understand the job market, gain practical skills and confidence, build professional networks and devise their own route map to sustainable employment

5.6 Research² points to several success factors for community hubs, including:

- Core focus on community needs and forging a distinct niche
- Ability to maintain financial sustainability
- Acquisition, control and development of assets
- Proactive attitude from staff/directors with appropriate skill set/roles
- Diversity of income streams

5.7 Requirements for successful rural hub development include:

Viability

- Keeping on top of finances is key to the sustainability of the hub and its impacts. Appropriate systems need to be in place for recording decisions and managing cash flow and accounts.

Governance

- Good governance is essential for hub development and management.
- REWDT may recruit a professional to manage any build process.
- There will also be a multitude of client decisions (by the Board or staff) required on layout, dimensions, material choices, lighting, colours, wall and floor finishes, fixtures and fittings.
- A staffing structure with clear lines of responsibility for day to day management

Digital Connectivity

- Research³ commissioned by Amazon showed that the most important device for small rural businesses in Scotland and the UK was a smartphone (82%), closely followed by a laptop (79%). Connectivity is critical to reach wider audiences and overcome seasonal downturns in cash flows.
- Most businesses rely upon a range of device types. Rural businesses typically use digital for a wide variety of applications, most commonly for email and internet browsing. Other very widely reported uses are for online business banking, submitting business returns and accessing public services or information.
- A majority use digital to promote their products or services, most commonly via social media. Some 22% are online sellers, either directly through their own website or indirectly through third party platforms. It is notable that cloud computing is used by 62% of respondents.
- Many public services from benefits to health services, in the future, will be delivered remotely via digital technology.
- Community facilities and services – contacting, booking, managing and invoicing users – will become more common.

5.8 Several community trusts operate recycling ‘shops’, staffed by volunteers, with varied aims including waste reduction and as a means of fundraising for local groups. Goods range from clothing and books to reclaimed building materials.

² The Power to Change Trust. “What works: Successful community hubs”, March 2018

³ “Unlocking the digital potential of rural areas across the UK”, Brian Wilson, Jane Atterton, Jane Hart, Mike Spencer and Steven Thomson, Published: March 2018, Commissioned by Amazon.

Island examples include

- Island Castaways – part of Mull and Iona Community Trust
- Bargain Box – part of Westray Development Trust
- Re style – part of Fine Futures Ltd

5.9 Other community trusts have opted to include affordable accommodation within their community hub/office. This could be an option for REWDT.

5.10 Built in 2011, “Tigh an Urrais” in Tarbert, Harris provides the North Harris Trust with purpose-built office space on the ground floor for up to nine people plus information space and large and small meeting rooms. The two, two-bedroom flats on the upper level are allocated to local people and provide a rental income. On this prime site, the Trust has a more prominent and visible base within the community and is easier for everyone to access.

6.0 Development options

6.1 Refurbishment vs. New Build

All options Helping to meet REWDT's strategic vision and fit with local policies	Meets community aspirations and needs <ul style="list-style-type: none"> • Creates employment • Enhances the island's image, helping it retain and attract people and investment • Offers diverse trading and income opportunities • Supports social cohesion/music/education
Refurbishment options 1&2	Compromise on design and functionality <ul style="list-style-type: none"> • Option 1 space gain minimal given need to accommodate new stair • Less easy to make fully accessible • But revised layout increases café covers and retains sales area • Less expensive than new build, but possibly less likely to attract support funding
New build option 3	Bespoke modern design and construction <ul style="list-style-type: none"> • More space = more diversity • More resilience potential and future proofing • More expensive but could reclaim VAT on building work <p>Potential for collaboration/co-location with other organisations to mutual benefit</p> <ul style="list-style-type: none"> • Can promote other local businesses • OIC over provision for ferry passenger waiting area • Rousay, Egilsay & Wyre Heritage SCIO over displays/interpretation • Triangle Club
Refreshed external space	<ul style="list-style-type: none"> • Secure bike storage • Charging and parking for EV • Outside seating area • Public art • Power supply for external lighting (e.g. Ullapool Christmas Tree made from prawn creels)

6.2 Development costs associated with the options

Site and buildings acquisition	Valuation £145,000
Cost to completion	As per options 1,2 and 3 in Section 6.4 below Indicative estimates range from £770,000 to £1,160,000
Site work cost	Any new substructure work Demolition cost for Option 3 Decontamination cost for old fuel tanks Relocation of wastewater tank
Professional fees	10 -15 % of total capital sum
Island surcharge	Contractors need to use ferry – some workers may have to stay on the island
VAT	VAT could be recoverable on new build option.

6.3 **Options Appraisal**

Option 1.

Keeping the current footprint but renovating the inside and outside to accommodate as many of the community mandate ideas as feasible.

Pros

- The total internal floor area remains as approximately 314m². (23% of entire site)
- Retains much of the original character of the building
- Retains existing layout – minimises change to sub and superstructure
- Little change to the external appearance of the building
- Lowest capital cost and shortest development time of the three options
- Internal décor/lighting can be upgraded and modernised
- Internal works could be done over the winter period and minimise need for displacement

Cons

- Limited changes to internal specification, and room layout will remain much the same
- Not possible to insulate/ make airtight to modern standards
- Below ground substructure issues are unknown – damp proofing may be required
- Lift installation required to make first floor space fully accessible
- Limited space and storage mean limited creative/social space and variety of activity beyond current Craithub, with no space for a snooker room
- Unlikely to provide for artisan food production or REWDT office relocation should that be desired
- Cost of planning, building warrant, professional fees
- Works on existing building fabric means 20-25 years lifespan and limited warranty
- Disruption and displacement during renovation works – current Craithub operations will have to relocate or cease for a temporary period (10-15 weeks?)
- Loss of volunteer time and staff salaries during redevelopment (significant for individuals)

Option 2.

Extending the current footprint to accommodate as many of the community mandate ideas as possible

Pros

- Internal floor area increases to approximately 469m² (plus 50%) (35% of entire site)
- Retains some of the original character of the building and may use existing substructures if suitable
- Construction could be phased to allow current building to operate contiguously
- New renovation/extensions include opportunities for:
 - Recycle/Reuse shop space
 - Additional community rooms
 - Snooker room
 - E bike hire
- More additional activities/events will be accommodated

- Allows secure access to different parts of the building at different times
- May be possible to link it into the REWDT Heatwise project to reduce running costs
- More prominent and visible base within the community for REWDT
- Potential to improve pier head location.

Cons

- Capital cost
- Cost of planning, building warrant, professional fees
- Build time – 20 weeks
- Not possible to insulate all areas economically / make airtight to modern standards
- Lift installation required to make first floor space fully accessible
- Below ground sub structure issues are unknown – may require new surface water and foul water drainage
- New heating source will be required
- Significant element of new space allocated to single use – such as snooker room – limiting income potential compared, say, to café/retail space
- Fit out cost – kitchens, lighting, flooring, technology, furniture
- Works on existing building fabric means 20-25 years lifespan and limited warranty – may be longer for new build elements
- Loss of volunteer time and staff salaries (significant for individuals)
- Significant change to building elevations and site layout.
- Increase in site footfall, traffic and parking affecting amenity

Option 3.

Demolition and rebuilding of a new community hub to accommodate as many of the community mandate ideas as are feasible.

Pros

- The indicative total new build floor area is 540m² (plus 72%) (40% of entire site)
- Gives pride and satisfaction with new build and space tailored to meet community needs
- Can aim for a 100-year flagship building
- Increased space and flexibility can act as a catalyst to further develop local projects, activities and businesses, including opportunities for:
 - Recycle/Reuse shop space
 - Meeting/Therapy rooms for hire
 - Snooker room
 - E bike hire
- Design can be more flexible - e.g. no internal load bearing walls – better future proofing and extending building lifespan to well over 50 years
- Easier to make new space fully compliant with accessibility standards
- Can design and insulate new building to ‘beyond compliance’ standards of energy efficiency, remote control ‘heat miser’ type technology etc, thereby significantly reducing operating and maintenance costs – especially space heating.
- The building’s superstructure could be manufactured ‘off site’ and shipped to Rousay in virtually complete sections, significantly reducing construction time.

- Internal space can be arranged to provide dedicated display space for crafts etc, efficient kitchen and storage
- Utilising adjustable room dividers to give the option of larger combined space
- Potential to have facilities to meet a much broader range of community needs – health, public and community services as well as tourism – in a more accessible location close to ferry terminal
- Potential to improve pier head location and view to settlement from the ferry
- More prominent and visible base within the community for REWDT
- Could make Rousay more of a visitor ‘destination’ and improve weather resilience
- Opportunity to make hub a ‘community’ resilience centre in case of future emergency scenarios – e.g. one switch generator link for power outages

Cons

- Highest capital cost due to purchase, demolition of current building and site clearance
- May be a ‘step too far’ for the community in terms of change and front-end costs
- Complex new substructure required will require new surface water and foul water drainage
- Loss of the original character associated with the previous building
- Unknown additional costs such as demolition and possible need for removal off island of mixed building waste and materials containing asbestos
- If built ‘on site’, build time of 40 -50 weeks
- Possible cost of installing utilities – electric, water, foul drainage, fibre.
 - If site goes all electric and includes e vehicle charging points may need to install a greater supply
 - May need to relocate septic tank and seek SEPA approval (tank needs 5m zone)
- Cost of planning, building warrant, professional fees
- Fit out cost – kitchen/kitchenettes, lighting, flooring, technology, furniture
- Significant element of new space possibly allocated to single use as snooker room – limiting income potential compared, say, to café/retail space
- Current activities would have to cease or relocate during demolition and new build with concomitant risks to income and viability
- Increase in footfall, traffic and parking affecting amenity (may be insufficient parking spaces on the site)
- Variety could become unrelated with different ‘unconnected’ businesses

There is the potential to consider a completely new design. This could mean repositioning the building on the site to maximise sea views, natural light and solar gain. Especially important in winter. Hard wearing contemporary building materials, sympathetic to the Rousay setting with more timber and glass, for example, could be utilised. This would probably require different wastewater solutions.

As noted above, modular designs can have 90% of superstructure prefabricated off-site in a controlled workshop setting, speeding up construction time, ensuring quality and reducing weather related delays. Substructure works can be prepared in advance – with opportunities for local contractors.

6.4 Options Summary

(Approximate space allocations based on Shane Scott's indicative layouts, and costs based on Billy Groundwater's estimates). Figures have been rounded.

Feature	Existing	Option 1	Option 2	Option 3
Space – m ²	314	314	469	540
Café covers	20	28	28	28
Retail Space	21m ²	21m ²	21m ²	25m ²
Toilets	5 (3 accessible)	4 (all accessible)	5 (3 accessible)	7 (5 accessible)
Large Meeting Room	No	1x 15 seats	1 x 18 seats 25 people in theatre style	1 x 18 seats 25 people in theatre style
Therapy/ Small Meeting Room			1 x 8 seats (incl couch space)	1 x 8 seats (incl couch space)
Craft Workshop Space	20m ²	None	None	None
Recycle Shop Space	2 x 10m ²	20m ²	20m ²	35m ²
Storage Space	2	6	8	8
Kitchen	15m ²	20m ²	20m ²	18m ²
Office/rooms spaces	None	3	4	5
Snooker Room ⁴	None	None	32m ²	45m ²
Display area for visitors	None	In café area	In café area	Dedicated space in vestibule
New enterprise development space	None	None	Office rental possibilities	Office rental possibilities
Build Costs total	?	£441,500	£643,000	£730,000
Professional fees (est @12.5%)		£55,187	£80,375	£91,250
Provisional allowances for furnishing & equipment		£25,000	£25,000	£25,000
SUB TOTAL		£521,687	£748,375	£846,250
VAT @ 20%		£104,337	£149,675	£169,250
TOTAL (if VAT applicable)		£626,024	£898,050	£1,015,500
Cost per m ²		£1,993	£1,915	£1,880
Plus property cost at valuation	£145,000	£145,000	£145,000	£145,000

Notes:

- The costings are based on basic specifications – concrete tiles on roof; uPVC fascias, soffits, barge boards, window frames, rainwater goods, etc; simple white paint finishes and basic floor coverings, sanitary and kitchen fit out.
- Transaction costs, the possible employment of a development manager and other miscellaneous costs are not allowed for at this stage.

Questions:

- Café covers up by 40% – is this enough?
- Retail space up by 20% – is this enough?
- Craft workshop space – lost. Does this matter – can community rooms be used?

⁴ A full sized snooker table (3.65m x 1.86m) requires a minimum room size of 6.7m x 4.88 – not including space for furniture etc. Guide weight for full sized table is 1,270kg.

- Recycle shop space – made more efficient?
- New snooker room – 8-10% of total floor space. How often will this space be used? – perhaps once or twice per week
- Is there enough demand for two dedicated community rooms?
- Is there enough storage?
- Is there enough display space?
- Is this the right number of offices?
- Is there enough new enterprise development space? – e.g. for artisan food processing
- Is the external site space (up to 60% remains) used well?
- Would REWDT/Crafthub reuse existing fittings and furnishings or seek new replacements in line with conversion or new build?

Risks

6.5 Having an appreciation of potential risks and being able to put contingency plans in place are key in managing risk for sustainability. Risks are focused on two areas – risks associated with the development phase and risks associated with operational management.

6.6 Risks associated with the development phase relate to:

- Uncertainties over Brexit are impacting on materials costs as the pound devalues – recent anecdotal evidence points to 15% increases in some costs over the past 12 months. Hence contractors will be likely to include large contingencies.
- Having enough funds (and cash flow) to complete the selected build plus accommodating any unforeseen contingency.
- Uncertainties related to VAT⁵
- Due diligence on potential contractors to ensure their skills and financial security
- Securing necessary permissions and certifications from statutory bodies
- Securing liability and warranty guarantees from professional advisors over design and construction methods
- Securing any conditions required by funders
- Selecting an architect led or a design and build contract with a contractor

6.7 Risks to hub operation relate to securing enough income streams to, at least, ‘break even’ on expenditures, unless REWDT cross subsidise from other income sources. REWDT has an anchor client in the Crafthub CIC.

- Could Crafthub take on building management and reduce REWDT risks and day to day management commitment?
- This may take the Crafthub over the VAT threshold of £85,000⁶. If VAT is to be reclaimed, registration will be required.

⁵ Identifying business and non-business floor space will indicate capital build potential for zero rating for VAT. Any kitchen/café/shop work for example on the conversion/refurbishment will attract VAT in any case. Relocating REWDT offices to new hub may give rise to a challenge from HMRC if any capital build VAT (20%) is claimed back by parent charity for a new building which they then occupy as a base from which to operate their business activities.

⁶ For example: 50% of annual visitors to Rousay purchasing food and craft items at the Crafthub, say, to an average value of £10 per person. 9,000 visitors x £10 = £90,000 turnover. This is equivalent to a daily footfall of

- Is there enough space in the options for Craithub activities and any future expansion plans?
- Some activities like the snooker room could occupy up to 10% of floor space with few options for alternative uses. Would rental income cover cost of this space?

50 visitors into the Craithub over a six-month period – May to October. Resident spend, say, 100 people each visiting once every two weeks and paying an average of £5 per visit will contribute a further £12,500 in turnover.

7.0 Revenues and profitability *(to be completed after preferred option selected)*

Main Business Streams

- Shop and retail
- Café
- Community Spaces

Differential pricing possible:

- Charities & Local Groups
- Off Island & Business Bookings

See scenarios and initial suggestions for costs, etc, below.

Crafthub Rental

Market or community rate? Difficult to calculate rental payment at this stage

Craft sales – volumes and margins?

Café sales – volumes and margins?

Seasonal cash flows?

Event Space Rental

Number of events?

Community Space Rental

Number and type of clubs and groups to use community rooms?

How much can REWDT reasonably charge for local user groups?

Snooker Club charge (or just cost covering?)

Workspace Rental

Demand for Workspace? Community and business meetings, training courses, talks and conferences?

Facilities, for example:

Meeting Rooms – two sizes

- Large meeting room – 18 boardroom/ 25 theatre style for workshops, meetings, training, health services, craft courses
- Fully inclusive of kitchenette (suitable for serving lunch and teas and coffees)
- £14 per Hour, £60 per Day
- Small meeting/therapy room – a multi-use room that can function as a small meeting room suitable for up to 6 people around a table, or as a small therapy room for one to one sessions. Therapy bed, comfortable sofas and refreshments.
- £10 per Hour, £45 per Day

Regular Desk in shared office

- Large desk with lockable under desk pedestal storage and access key/code
- £200 per month

Hot Desk

- As above
- £4 per hour
- £10 per day

Facilities might include:

- Electricity, broadband, parking, adjustable tables – suitable for craftwork and or meetings, chairs/stools
- A digital whiteboard & projector, video conference and teleconference facilities, flip chart etc.
- Reliable and secure broadband and Wi-Fi connection throughout the building
- Low cost office services such as printing, scanning, copying, binding and laminating.
- Left luggage and pickup/drop off facility.
- Refreshments and the occasional cake thrown in for good measure!

Training and Courses

Could offer a range of first aid courses, food hygiene certificates, personal licence holder certificates, holistic therapy courses, outdoor activities and agricultural courses.

Equipment Hire

E bike hire (local bicycle-rental provider – hub takes commission)

£15 per hour, £30 per day (15% commission)

Self-Storage

Long and short terms clean, dry and secure storage options utilising 20ft/10ft steel shipping containers close to pierhead location – perhaps to the rear of any new hub. Some community groups have used containers as cost effective ways of providing additional workshop space.

Lease Arrangements

Need to clarify responsibilities, e.g. with regard to:

- Utility costs
- Phone, broadband
- Licences
- Cleaning
- Small repairs
- Consumables
- PAT testing

Property owner (REWDT) Expenditures

Property overheads to include:

- Insurance
- Rates
- Contribution to sinking fund for repairs

Potential Funding

- REWDT own funds
- Grants – e.g. SLF for property purchase; HIE for economic and community development aspects; The National Lottery Community Fund (Scotland) – Community Assets⁷ (up to £1 million); Islands Deal funding from the UK & Scottish Governments (in relation to the potential role of the hub in encouraging and facilitating innovation)

Community Councils applying for planning permission may receive 50% discount.

Governance

REWDT Directors take ownership of site and buildings

- Potential conflicts of interest as Craithub CIC and REWDT directorships overlap

Staffing

Marketing

⁷ The new name for the Big Lottery.