

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Cabinet

29th March 2022

TITLE:	Leek Market Hall Refurbishment
PORTFOLIO HOLDER:	Councillor Ralphs - Council Leader SMDC
CONTACT OFFICER:	Sarah Porru – Head of Regeneration
WARDS INVOLVED:	Leek East

Appendices Attached –

Appendix A: “Green Book” Business Case

Appendix B: The Leek Market Hall Option Appraisal

1. Reason for the Report

- 1.1 The purpose of this report is to present the full business case for the delivery of capital investment into Leek Market Hall. The improved facilities will support the establishment of permanent units for retail, food and beverage uses.
- 1.2 The Cabinet at its meeting on the 29th June 2021 resolved to prepare a full business case for capital investment within the Market Hall following: feedback from the public consultation exercise undertaken with stakeholders and the community; consideration of preferred options for future investment; and require a further report to Cabinet on the business case and the proposals for capital investment.

2. Recommendations

- 2.1 That the Cabinet approve the allocation of £435,000 for investment in Leek Market Hall for the purposes of improving facilities to support the establishment of permanent units for retail, food and beverage uses as set out in the Business Case (Appendix A) and to replace the asbestos roof..
- 2.2 That the responsibility for the procurement of necessary goods and services and the implementation of the capital works is delegated to the Executive Director (Place).

- 2.3 That authority be delegated to the Leader to agree to a variation in capital costs if necessary following completion of the open market procurement exercises, up to and not exceeding 30% of the original budget allocation.
- 2.4 In circumstances where tender returns rise beyond 30% of the budget allocation approve will be sought via an Independent Executive Decision.
- 2.5 That a further Cabinet report be required to detail the future Markets Operation that will be necessary to provide support for market traders and market customers.

3. **Executive Summary**

- 3.1 The Leek Market Hall Options Appraisal (Appendix B) identified four options for change including a do nothing scenario:
 - Do Nothing – current 32 Tables
 - ‘Do Minimum’ Market and out of hours use – 32 Tables and some additional events
 - Enhanced market with 2/3 food and beverage units with improved 24 display tables/ stands
 - Permanent units for mixed use – 9 fixed units and 12 improved display tables/ stands
- 3.1 The options were scored against the critical successful factors with Option B and C scoring joint highest (see section 7.6). and it is these two options that have been taken forward to a full business case so that these wider factors can be considered alongside a more detailed understanding of refurbishment costs and longer term management overheads.
- 3.2 The business case identified the preferred option as B with a Benefit Cost Ratio of 1.6 capital costs and 2.4 net public sector costs. It would provide the highest values in relation to local benefits in terms of footfall, visitor/shopper expenditure, employment, and GVA, and also the highest wider benefit score, with an acceptable level of risks. On this basis Option B would be preferred to Option C, which at this stage does not achieve as good value for money and local benefits and represents a higher risk. Nonetheless the successful implementation of option B would allow for further improvements in market facilities to be considered in the future. Option A only performs well in terms of affordability and doesn't provide a structural opportunity to improve the market offer in Leek.
- 3.4 Whilst the focus of the proposed investment works are principally confined to internal fitting out of the Market Hall, the proposals will need to accommodate extraction systems for food outlets that food outlet tenants would require. Extraction would be through the roofspace, but as the existing roof is made of asbestos this is not a viable option. It is also coming to the end of its lifespan and it would be prudent to replace the asbestos roof as part of these

improvement works. The proposals do not affect any listed buildings but permanent use for sale of food or drink is likely to require planning consent and the roof works may require conservation area consent before the works are commissioned.

- 3.5 Installation of extraction equipment associated with food and drink stalls may be required and would be a material issue in terms of planning consent if equipment on the exterior of the building was involved, however this will be considered at the time a prospective tenant identifies this need. Meanwhile the roof will be replaced now which will allow extraction equipment to be installed as and when required.
- 3.6 Environmental health - the operator(s) of food businesses within the improved market will need to be legally registered with the Council prior to trading. This would not affect the undertaking of the proposed improvement work itself.
- 3.7 It is the intention to maintain the markets in the Market Hall as the implementation of the improvements works take place, and where possible this has been factored into the costs and timescales for the project. Liaison with affected Market Traders will take place to minimize disruption where possible.

4. How this report links to Corporate Priorities

- 4.1 Delivery of Cheadle town centre projects will have implications for the following aims of the Corporate Plan:

Aim 3: To help create a strong economy by supporting further regeneration of towns and villages and meets the following objectives and priorities:

- Develop and implement plans to improve the public market operations
- Sustainable towns and rural communities
- Increased economic growth
- Increased tourism

5. Alternative Options

- 5.1 Both the Do Nothing and the Do Minimum scenarios are affordable options but do not provide the wider public benefits or provide opportunity for the Market Hall offer to be enhanced.

The most ambitious option to provide nine permanent mixed use units does not provide sufficient value for money to be justifiable at this time but could be implemented in the future on the back of the improvements proposed in the preferred option of creating up to 3 food and beverage units.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)

No implications.

6.2 Workforce

A further report on the operations of the Market Service to support the Market Hall investment will follow in due course.

6.3 Equality and Diversity/Equality Impact Assessment

The report has been prepared in accordance with the Council's Diversity and Equality Policies.

6.4 Financial Considerations

The financial costs of Option B (the preferred option) are £430,000. The successful implementation of Option B would allow for further improvements in market facilities in the future. Any further improvements have not yet been costed. The current economic environment is volatile (particularly around the cost of raw materials), so estimated costs include a considerable contingency (30%). The business case projects increased income of £11,000, which can be used to borrow approximately £275,000 (a more precise figure will depend on interest rates at the date of borrowing). Funding beyond this (£155,000) to cover the whole cost of the scheme will need to be built into the next iteration of the capital programme.

6.5 Legal

Procurement - Procurement of works and professional services to undertake the proposed capital investment will be undertaken by the Council under the provisions of the Public Contracts Regulations 2015 and the Council's procurement Procedure Rules for contracting (Standing orders). The scale of works, and potentially services, exceeds the minimum threshold for tendering will be subject to the requirements as set out in the Council's Procurement Procedure Rules as the projects are estimated to be below PCR15 thresholds for supplies, services and works. The procurement procedures will constitute competitive process (tendering) for the appointment of professional services and main contractor for works, in full accordance with the Councils' Standing Orders.

Contractual Arrangements - For construction, the Industry Standard forms of contract for works and professional services (such as for example, JCT Minor Works and Professional Services Contracts, latest and current editions) are expected to be used for

the limited scale of investment proposed

6.6 Climate Change

The proposed internal works do not alter the structure or the fabric of the building and therefore energy efficiency measures are not part of that programme of work. However there is an opportunity to consider energy efficiency measures as part of the roof replacement where appropriate and also as part of a programme of wider improvements to the building when the Council considers its ask for Round 2 Bids for Levelling Up funding which the government is expected to invite from Councils in 2022/23.

6.7 Consultation

Stakeholder and Community engagement was undertaken as part of the Options appraisal development work in 2021/22 (refer to Appendix B)

6.8 Risk Assessment

The Business Case (Appendix A) sets out the key risks to be considered at this stage. The project will be subject to a detailed risk assessment and managed via the Council's adopted project management protocol and procedures and overseen by the Councils Transformation Board.

Neil Rodgers
Executive Director (Place)

Web Links and Background Papers

Cabinet, 1st December 2020
Service Delivery Overview and Scrutiny Panel, 18th
November 2020
Cabinet, 6th October 2020
www.staffsmoorlands.gov.uk/article/6500/Transforming-Cheadle-Town-Centre

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7. Detail

- 7.1 This report outlines the following matters that are contained in the Business Case justifying the capital investment in the Market Hall, in addition to the replacement of the roof and the M&E works necessary to facilitate the proposed improvements.
- 7.2 The Business case provides the justification for an investment of public money, with levels of effort and detail in proportion with the scale of proposed investment. Its purpose is to document potential options and identify a preferred option for taking the investment forward based on a comparison of the costs, risks, and benefits of the alternative options.
- 7.3 The 'five cases' approach established by HM Treasury determines that a proposal should ensure that it will:
- provide strategic fit and is supported by a compelling case for change;
 - maximise public value to society and offer value for money through an optimal set of activities;
 - result in viable procurement and a well-structured 'deal';
 - be affordable and fundable; and
 - be able to be successfully delivered, monitored, and evaluated.

The Business case incorporate appraisal techniques set out in the HM Treasury 'Green Book' in consideration of the economic case and other matters.

- 7.4 The Business case detailed analysis of the strategic, economic, financial and management case for the investment has concluded that considering all the alternative options that Option B provides the best value for money, the widest public benefits and manageable risks.
- 7.5 Option B: Enhanced Market - this option would introduce 2 - 3 small permanent F&B kiosks along with improved trading tables and seating, and enable extended hours and hosting of speciality markets, as well as the flexibility to accommodate entertainment events alongside community uses. Additional permanent units could be installed in response to demand.
- Advantages – this option would require some public sector capital investment, but a F&B offer could attract additional visitor footfall and support existing and new traders. Having a small number of permanent kiosks would retain maximum flexibility for specialty market and entertainment events and could increase prospects for the viability and

sustainability of the market, with the potential for an on-going revenue stream for the Council.

- Disadvantages – the F&B arrangements and events would require additional funding and organisation, viability may be improved but may not achieve sustainability, and it could compete with or displace other venues. In addition, permanent units would reduce the full flexibility of the space.

7.6 In order to facilitate the internal works required to deliver Option B, further investigation work into the building and the mechanical and electrical systems will be required. Moreover, Cafes and food outlets usually need to provide customer toilets which may have to be considered if the Silk Street public toilets are not deemed satisfactory. The following items will need to be considered, subject to a review from an architect and professional team.

1. Electrical system: electrical systems to be upgraded to take additional load from food/ cooking preparation. Additional lighting will need to be considered in determine the electrical load and any upgrades.
2. Heating: providing heating to the seated areas of the “café” will be important as currently the heating system only suffices for market trading.
3. Gas: If gas cooking is required to the new food units, the gas main may require upgrading.
4. Water & Drainage: Consideration will be given to providing new water supply and appropriate grey drainage from food use.
5. Ventilation – new ventilation will be required to facilitate food perpetration use. Extraction pipes are likely to cut through into the roof.
6. Roof: The market hall roof is prone to leaks in the valley between the market hall rood and the Buttermarket Roof. Ideally it will require replacing within in the next 2-4 years. The roof tiles are an asbestos composite which means that breaking through the roof to install extraction is complicated and expensive. It may be preferable to bring forward any new roofing works in line with the potential refit on the internal space, to ensure there are no leaks or interruption to service provision again in a few years’ time.
7. Fire Alarm / detection / suppression upgrade. The fire alarm is in need of upgrading in any event within the next 5 years. However any additional food use within the market hall will require adequate fire protection, bringing forward any required upgrade as well as assessment of any additional fire suppression equipment.

Summary Cost Assessment

7.7 The costs at this stage are considered estimates. However the current rapid rate of inflation, the difficulty with sourcing supplies of materials and labour and the increased demand for both are making cost estimation particularly

difficult at this time. It would be prudent to expect a variation from estimates once the market has been tested through the procurement process. The extent of the variation cannot be predicted but to ensure the project doesn't suffer unnecessary delays authority to approve 30% variations in costs would be prudent.

- 7.8 The costs are based on the proposal of 3 units and that no additional WC facilities are required.

Description	Estimated Costs
Option B Alterations Work	£135,000
Roof Replacement	£100,000
M&E Upgrades*	£25,000
Fire detection / suppression system	£25,000
Water & Drainage*	£15,000
Total Construction Cost	£300,000
Planning Fees	£5,000
Professional Team 10%	£30,000
Contingency 30%	£100,000

* revised estimated likely to be required.

Estimated Project Timeline

Activity	Dates 2022/23
Erect Internal scaffolding / hoarding to allow for investigation works	April -May
Professional design stage	May - June
Planning / listed Building Application(s)	June - September
Procurement of Contractor(s)	June – September
Liaison with Market Hall Traders	June
Award of Contract for the works	September – October
Works Contract period	October – April/May?