



KNUTSFORD TOWN COUNCIL

DISCUSSION PAPER AND HIGH LEVEL

BUSINESS CASE FOR THE REFURBISHMENT

OF KNUTSFORD MARKET HALL

JULY 2022

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INTRODUCTION

EXECUTIVE SUMMARY

This paper aims to enable the Assets and Operations Committee to make a decision on progression of the refurbishment of Knutsford Market Hall. It provides an overview of the costed scheme and estimated financials.

BACKGROUND TO KNUTSFORD MARKET HALL

Knutsford Market Hall opened in 1964 and was constructed by the former Knutsford Urban District Council. On local government reorganisation in 1974 operation of the market transferred to the new Macclesfield Borough Council (subsequently Cheshire East Council) and in 2014 was returned to local operation through an asset transfer to Knutsford Town Council. The structure of the Market Hall is largely as built in 1964, with a 1980s addition to improve its kerb appeal.

The Market Hall presently (July 2022) comprises 15 stalls occupied by 9 traders with three vacancies.

BACKGROUND TO REFURBISHMENT

The Market Hall was transferred to the Town Council in 2014 as part of a programme of community asset transfers. The approved business case for the transfer recognised that the building required substantial modernisation and improvement after years of apparent neglect.

The Town Council had discussed options for improvements to the market and in 2017 commissioned NABMA (National Association of British Market Authorities) to provide advice on an idea to create a second floor retail area. The advice was this would be unlikely to work within the market and the council subsequently resolved to dismiss consideration of creating a first-floor trading area and to commit to a planned improvement scheme for the market.

The council considered the option of a full refurbishment of the existing building but in 2018 determined that the demolition and reconstruction of a multi-storey building would provide a better use of space. In January 2018 the Town Council commissioned SiCa Architects to develop plans for a redevelopment of a ground floor market with apartments to the first and second storeys. A pre-application consultation was undertaken in April 2018 which garnered positive feedback. Work on the redevelopment was paused in January 2019 to allow the incoming council to consider the scheme. The scheme was costed in summer 2021 and the committee considered a paper like this at its meetings in September 2021 and November 2021.

At the November 2021 meeting, the committee resolved to set aside proposals for the redevelopment of the Market Hall and progress a thorough programme of refurbishment instead. In March 2022 the committee appointed Hive Architects to develop a scheme to RIBA Stage 2, this was completed in June and circulated to the committee members for comment, some minor changes were made before it was submitted for costing with a quantity surveyor in July.

CASE FOR IMPROVEMENT

The Town Council has always recognised the need for investment in the Market Hall, with the business case for its transfer recognising that redevelopment or complete refurbishment was required in the short term.

The latest condition survey identified £40k of responsive maintenance required the majority of which would have a minor impact on the environment of the market. The more in-depth forward maintenance plan (pre transfer, in 2011) suggested works totalling approximately £250k.

The Market Hall has an aging customer base. This was highlighted in the 2017 NABMA Market Place consultancy report and has been echoed in the age profile of shoppers in the recent benchmarking programme. To ensure the future viability of the market it must attract new customers and the current offer and environment is not conducive to this.

There are limitations in recruiting new traders within the current building; prospective traders have been deterred due to the condition of the market and there is a lack of facilities (i.e. storage, water supply to stalls) which prohibits certain traders from being able to take space, for example there has been interest for the fishmonger to take a permanent indoor stall but the spaces available do not have running water.

The existing building is not energy efficient. There is no heating and, in the winter, can get extremely cold which deters, for example, café customers. Many traders use electric heaters which contribute to high electricity costs for the building and the building does not retain heat due to its construction. The recent changes in electricity costs will see electricity bills significantly increase.

Improving the Market Hall will also support the wider town centre by upgrading a poor-quality shopping area and making it more of a feature / reason to visit the town centre.

REFURBISHMENT PROPOSALS

OVERVIEW OF PROPOSALS

The proposed plans create a new, more visually impactful frontage with two large areas of glazing to flood the building with natural light; the front of the building would be Cheshire red brick with timber louves. One set of glazing would bi-fold to create a fully open front (in warmer months) with one set featuring automatic sliding doors (to keep heat in during cooler months). The level of the floor within the building would be raised to a uniform height and underfloor heating, run by an air-source heat pump, provided. One unisex accessible toilet (with baby change) would be provided. Insulation would be installed to the roof and walls and solar panels installed. The roof would be renewed with a sedum flat roof and the existing rooflights renewed. The proposals represent an environmentally friendly building which will lower operation costs and contribute to the council's objectives in tackling climate change.

New stall structures would be created which would include removable panels to allow reconfiguration (combining/extending stalls); stalls would include lockable screens for when stalls are closed. Overstall storage would be provided, tackling the lack of storage provision. The centre of the hall would be low-level stalls providing a more open space.

REDEVELOPMENT COSTS

The prepared plans were submitted to a quantity surveyor to provide a RIBA Stage 2 Cost Estimate. Prices were costed as at Q3 2022 with an allowance for inflation of 7.5% to take the costs to 2023 Q1 based on BCIS indices forecast. The estimate is prepared to an accuracy of +/- 10%. M&E works have been estimated using a cost/m² allowance based on historical cost data for works of a similar nature; a provision of £10k has been allowed for structural strengthening works which are unknown at this stage and £5k for the taking down of existing stalls. Prelims have been priced at 15% as would be expected for a project of this nature within a confined town centre space.

The estimated cost of the refurbishment works is £505k, factoring in 10% contingency and inflation to Q1 2023 this is £597k (£538k to £657k) excluding professional fees.

MARKET RELOCATION COSTS

It is considered imperative that the existing market traders are able to trade throughout the construction period to enable them to move back into the new market hall; the council would be looking to retain all existing traders who wish to continue trading. The works duration could be approx. 3-4 months.

The previously preferred option is to utilise the upper section of the Silk Mill Street car park and install a number of shipping containers for use by the traders. This will provide secure premises and a more weather resistant trading area than any alternative. The estimated cost

for this is £100,000 which is for the provision of a number of fitted out containers under a buy-back scheme. Discussions will need to take place with Cheshire East Council as the owner of the car park. It is likely that a license would be required to occupy sections of the rest of the car park too for a construction site compound. Cheshire East Council's standard fees for use of parking spaces indicate a fee in excess of £200,000 per year (based on 40 spaces) and it would therefore be necessary to seek a dispensation from the council on the basis that they would be supporting a town centre regeneration project.

An alternative option could be to temporarily utilise 60 King Street. This would incur less direct cost and relies on the effective programming of the works and the two projects. The building isn't accessible and would require more detailed planning to create a workable solution.

These costs are no included in the financial forecast and would be on top of the project costs.

FINANCIAL FORECAST

The following table outlines the ongoing estimated costs for the operation of the building based on a number of assumptions around the ongoing operational costs for the building. The forecast makes an assumption on the utilities usage attributable to traders (based on stalls paying costs through sub-meters).

An allowance of 10% income being committed to reserves is in line with the council's investments policy. The intention is the reserve would cover costs during periods where rental income is lower or where costs are higher e.g. costs involving the change of tenancies. It would also develop a reserve to pay for future maintenance costs. An allowance is made for a contribution to staffing costs to cover caretaker cleaning of the market and some management cost. Insurance costs are an estimated based on reinstatement and loss of income insurances. The forecast assumes the existing reserve for the Market Hall (58k once fully replenished) will cover the professional fees involved in the project.

The loan repayment assumes a 50-year payment term on an equal instalments basis. The current interest rate from the Public Works Loan Board would be a fixed rate of 3.63%.

The table outlines the three budget figures based on the QS report.

ITEM	550K	600K	660K
MARKET HALL RENTAL INCOME	41,000	41,000	41,000
MARKET HALL UTILITIES INCOME	3,000	3,000	3,000
SUBTOTAL	44,000	44,000	44,000
INSURANCE	1,000	1,000	1,000
OPERATION COSTS	10,000	10,000	10,000
UTILITIES	12,000	12,000	12,000
WASTE	5,000	5,000	5,000

SUBTOTAL	28,000	28,000	28,000
LOAN REPAYMENT	23,925	26,100	28,710
PROFIT/LOSS	-7,925	-10,100	-12,710
10% RENTS TO RESERVE	4,100	4,100	4,100
CONTRIBUTION TO STAFFING	10,000	10,000	10,000
NET PROFIT/LOSS	-22,025	-24,200	-26,810

DISCUSSION POINTS

The financial forecast shows that at the current market hall rentals and the current plans the income would not cover borrowing repayments and require a net precept contribution of £22k-27k per year, this equates to £3.77 - £4.63 per year on a Band D based on the current tax base.

- If the council utilised the capital receipts reserve (£160k) to reduce borrowing the net annual cost would be £15k-£20k (£2.57-£3.43)– noting the council has other projects it could put this reserve to as well
- The council has put the scheme forward for consideration by CEC for funding through the Shared Prosperity Fund, there is a chance it could secure a contribution
- The council could look to secure some funds from the Public Sector Decarbonisation programme, this is a highly competitive fund aimed to reduce the emissions in public sector buildings; it may be more suitable for the council offices renovation as there is some focus on removal of gas boilers in the prospectus

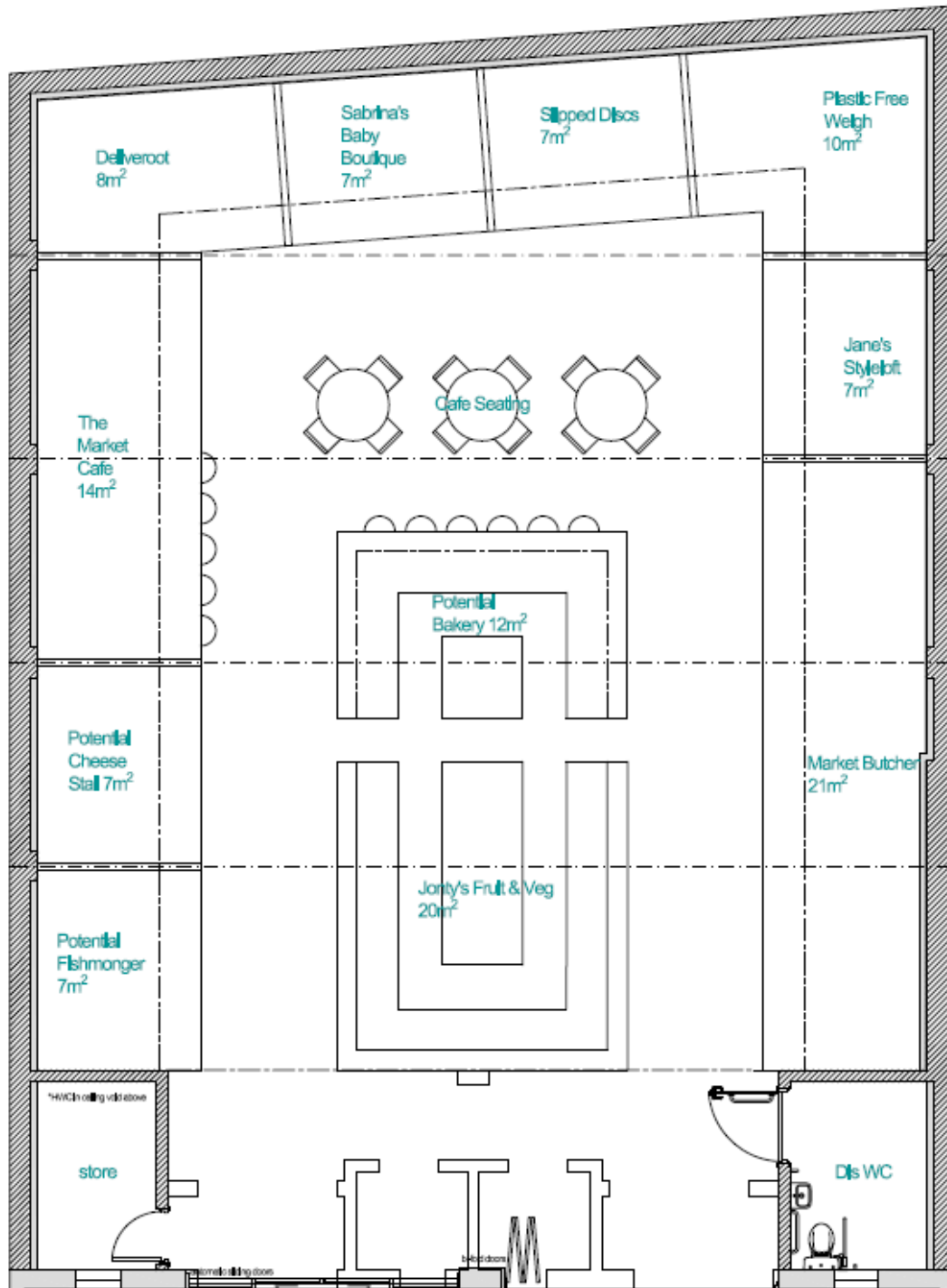
The council will need to undertake a consultation to support borrowing (this will be a requirement to obtain approval from the Department of Levelling Up, Housing and Communities). The current timeline for borrowing approval is 6 months+. This would enable the council to ask the community if it would support paying toward the cost of renovation of the market hall.

The committee should discuss how it wishes to move a project for the improvement of the Market Hall forward. This will need to include discussion on the appetite for the redevelopment to be subsidised by the precept. The proposals for the refurbishment offer a better market than the previous plans for redevelopment as all floorspaces is allocated for retail space.

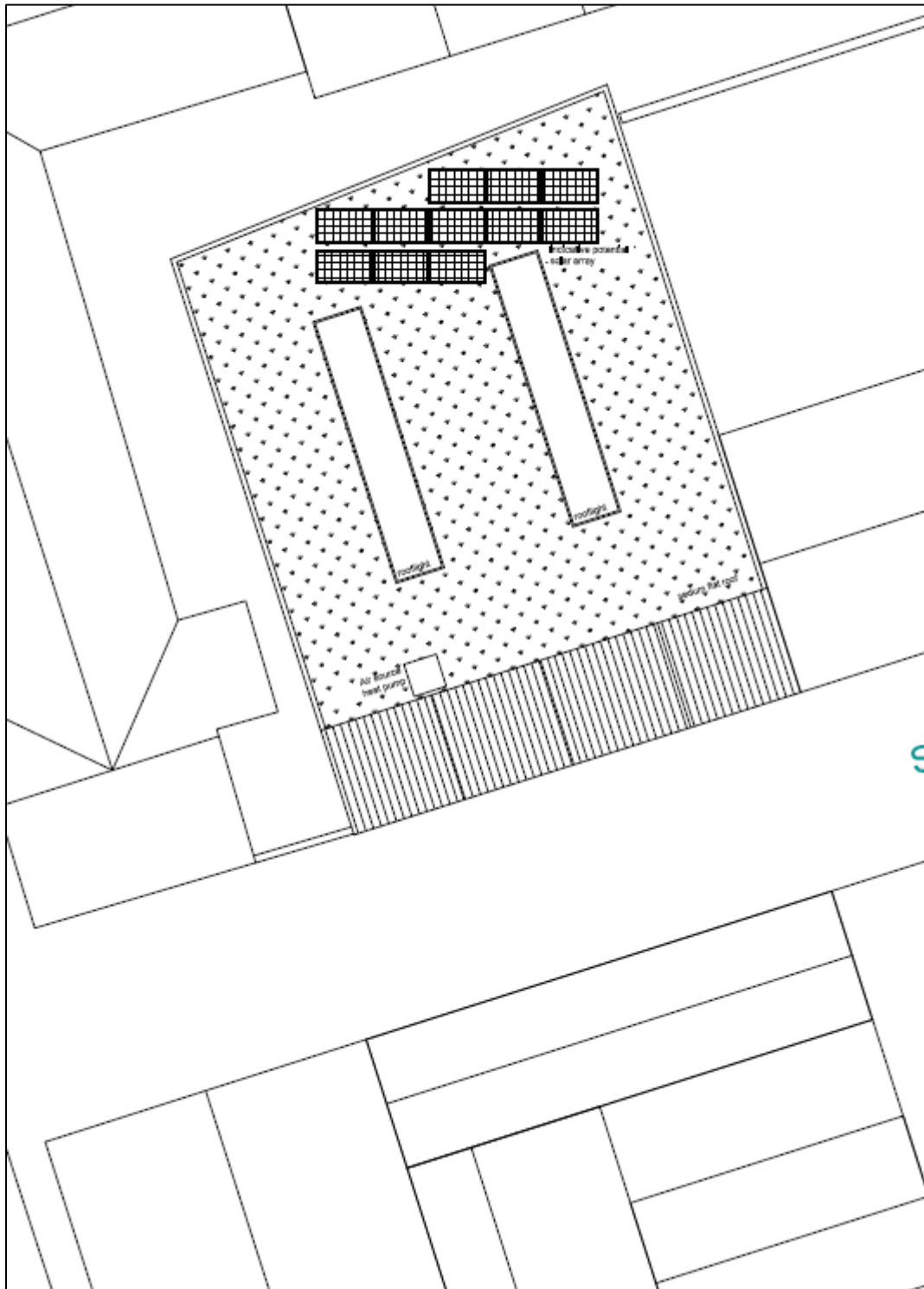
APPENDICES

Appendix A: Plans and Illustrations

Floor Plan



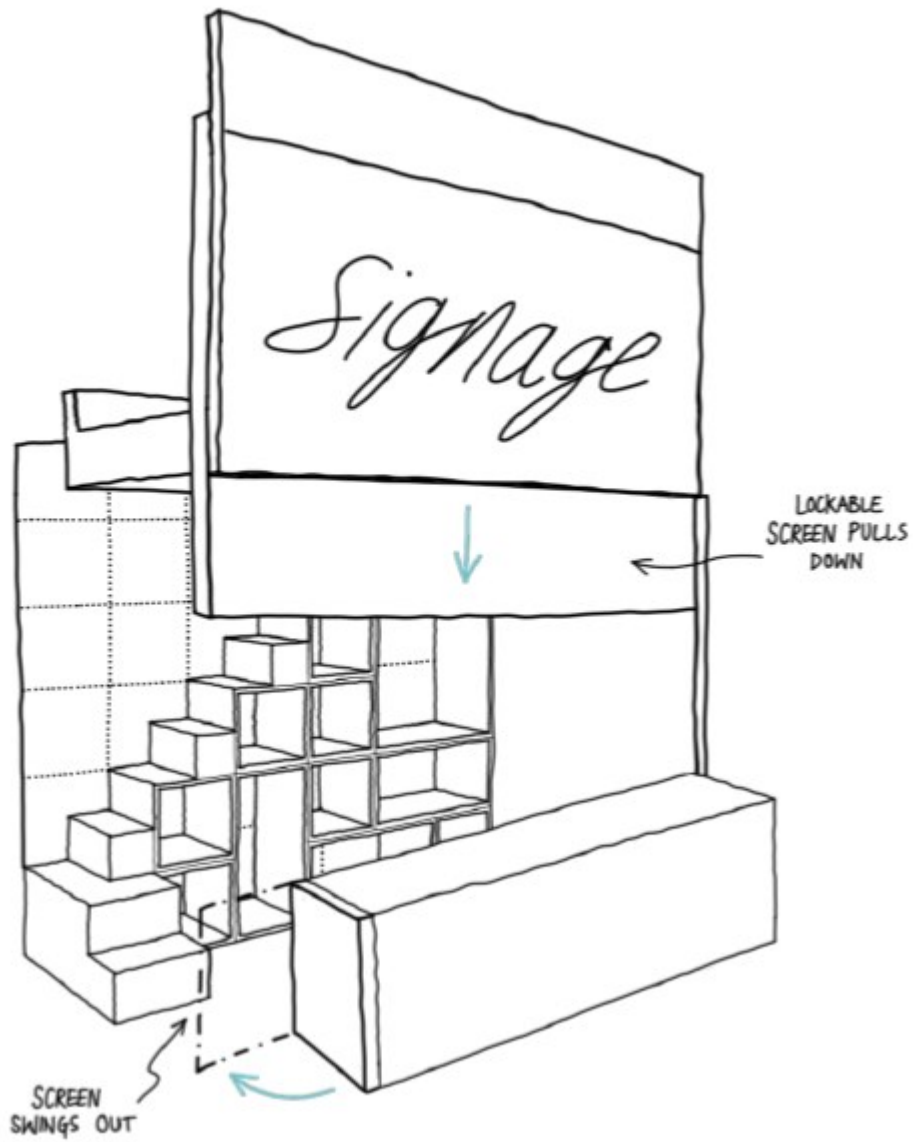
Roof Plan



Internal Illustration



Stall Design Example



APPENDIX B - PLANNED MAINTENANCE SCHEDULE (2019)

Ref	Defect	Priority	Cost
1	Cracked/missing tiles to front entrance	1	500
2	Cracked/missing tiles to front entrance steps	1	500
3	Front elevation render cracked/cracking	3	1,500
4	Missing / cracked tiles in Male WC	2	500
5	Missing / cracked tiles in Female WC	2	350
6	Ceiling plaster flaking /peeling	1	2,500
7	Leak/damp to flat roof areas	1	6,500
8	Damaged linoleum	1	500
9	Renewal of flat roof covering	1	25,000
10	Open jointed brickwork / coping stones to front elevation	1	2,500

APPENDIX C – QUANTITY SURVEYOR COST ESTIMATE

Facilitating Works

Ref	Description	Sum
1.01	Facilitating Works	33,748

Superstructure

Ref	Description	Sum
2.01	Frame	5,000
2.02	Roof	80,425
2.03	External Walls	52,800
2.04	Windows and External Doors	25,900
2.05	Internal Walls and Partitions	10,480
2.06	Internal Doors	100

Internal Finishings

Ref	Description	Sum
3.01	Wall Finishes	6,931
3.02	Floor Finishes	23,708
3.03	Ceiling Finishes	-

Fittings, Furnishings and Equipment

Ref	Description	Sum
4.01	Fittings, Furnishings and Equipment	70,000

Services

Ref	Description	Sum
5.01	Services	97,939

Works and Prelims

Ref	Description	Sum
6.01	Other Works	1,500
6.02	Preliminaries	61,295
6.03	Contractor OH&P	35,200

Summary	Amount
Current Cost	505,125

Risks/Contingencies	50,512
Add Inflation to Q1 2023	41,651
Total (excluding VAT)	597,228
