

REPORT TO ASSETS AND OPERATIONS COMMITTEE

MARKET HALL REFURBISHMENT



Report Reference A-22-11
Meeting Date 13th February 2023
Agenda Item 7
Prepared by Town Clerk

1.0 BACKGROUND

In July, the committee considered a business case for the renovation of the Market Hall. At this meeting it was resolved to defer a decision until:

- a) The council understands the progression or not of alternative funding options
- b) The holding of a separate briefing with the quantity surveyor and architect, virtually or otherwise, with a detailed breakdown of costs provided in advance

2.0 UPDATES

2.1 UPDATED FINANCIAL MODEL

The meeting with the QS and architect was held in autumn 2022. In discussions it was agreed to remove solar panels (£40k) and the sedum roof (£51k) to reduce costs. The air source heat pump and underfloor heating could also be removed (44k) although an alternative heat source would be required in some form. The amendments reduce the costs from approx. £597k¹ to approx. 464k to 515k, inclusive of a 10% contingency and factoring in higher inflation values (14%).

Some financial re-modelling has also taken place looking at an alternative layout for the Market Hall, namely having casual stalls in the centre to enable it to be used as more of a food hall / event space in the evening outside core operational hours. This would add an additional hot food business and a bar. This has the potential to increase annual income to approx. £53k (an additional £12k to previous) however the modelling on different periods of loan (20-50 years) still sit at a net deficit of £17k-27k in year one (reducing over time as income increases but loan costs are fixed).

Utilising capital receipts/grants (see below) to reduce borrowing could enable an initial lower deficit of £6.5k-£12.8k but the current forecast costs and reasonable rents do not enable a model where there is no deficit in the initial years of repaying a loan.

2.2 ADDITIONAL FUNDING SOURCES

Cheshire East Council has been developing its implementation plan for the Shared Prosperity Fund. Indicatively, there is a £2.23M capital/revenue allocation for 2024/25 under the "improvements to town centres and high streets" allocation which the Town Council could seek to secure funds from.

¹ Included inflation at 7.5%

£500k of that fund has been allocated to Macclesfield Town Centre public realm enhancements. It is important to note that the funding requirements are for it to be spent within specific financial years and accordingly the council would need to be in a position to deliver the project in the 2024/25 financial year. Cheshire East Council is likely to open opportunity to submit bids for this and other SPF allocations later this year. This fund will be competitive, the project will need to be deliverable and seeking an amount that is deemed reasonable within the scope of the fund.

3.0 DISCUSSION

The condition of the Market Hall is having a significant detrimental impact on its operation. It is increasingly difficult to recruit new traders and shoppers and the projected year end budget will be the first time that it has needed to draw down from the Market Hall reserve to balance. At transfer in 2014 the council acknowledge the need for significant investment in the building and the need is becoming more acute.

In the previous six months the council has made a little progress on the scheme whilst it has awaited more information on the SPF; the council now has an indication of the timescale and overall pot of funds for the borough. However, if the council wishes to secure funds from the SPF funding stream it must continue to progress the project in order to be in a position to move swiftly; it needs to progress to the planning consent stage. There is a risk of not being in a position to deliver the scheme at the required pace.

The committee should consider whether the current proposals are going to be deliverable. This includes considering whether the committee is willing to deliver an updated market hall which requires an effective subsidy (noting some funds of the budget are commitment to reserves and contribution to staffing costs) from the precept to balance the operational budget. Are the benefits to the town centre from delivering a modern market hall which provides a space for small businesses and provides an outlet which brings shoppers to the town centre commensurate with the cost (up to £5 pa on the current Band D for an initial period)? It is worth considering that the income could increase if, for example, the mid-week footfall supports additional casual traders etc.

If the committee does not consider this agreeable, it could consider commissioning the architect to develop a radically reduced scheme, working more with the constraints of the existing frontage and building. This could then be costed. The committee could consider putting the two schemes to public consultation: lower scope remodelling vs full renovation.

4.0 DECISION REQUIRED

The committee should consider how to progress reaching agreement on a deliverable scheme of improvement to the Market Hall.