



KNUTSFORD TOWN COUNCIL

**BUSINESS CASE FOR THE REFURBISHMENT  
OF KNUTSFORD MARKET HALL**

**NOVEMBER 2023**

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# BACKGROUND AND CASE FOR CHANGE

## BACKGROUND

Knutsford Market Hall was built in 1964 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 transfer recognised that the building required investment in the short-medium term to ensure its ongoing viability.

The Market Hall is largely as built in 1964, with some minor 1980s modifications (installation of suspended ceiling, redesign of front) to 'modernise' it.

The Market Hall currently comprises 15 stalls with 11 traders operating within the hall. As of January 2024 there will be two vacant units from traders who have given notice in November 2023.

## CASE FOR CHANGE

The community call for improvement to the Market Hall was clearly communicated in the Knutsford Town Plan (2010) which produced a recommendation to "upgrade and promote the market"; this is what informed the decision of the Town Council to acquire the asset from Cheshire East Council. Following transfer, the Town Council undertook a number of minor improvements (e.g. creating a seating area, reconfiguring stalls and increasing promotion) but it was recognised that in time a more substantial programme of development would be required.

The latest condition survey (2019) identified £40k of responsive maintenance being required within the next five years. This work has been on hold pending a decision on a more substantial programme of renovation. A more in-depth forward maintenance plan (pre-transfer, in 2011) suggested works totalling approximately £250k. Both schedules were maintenance of the 'as is' building and did not cover *enhancement* of the asset. The building is dated and tired throughout. The toilets are in a very poor condition and the building is overall dark and uninviting.

Since the pandemic, the turnover of traders at the Market Hall has greatly increased and the hall frequently has vacant stalls for many months. The building is limiting the recruitment of new traders as prospective traders have been put off due to the condition of the market, the lack of facilities (e.g. storage) and the resultant low footfall. The lack of facilities to certain stalls (e.g. most do not have running water) prohibits the recruitment of food traders, one example is there was a fishmonger wishing to take a stall, but no stalls that they could occupy.

The existing building is not energy efficient. There is no heating, and the entrance is two large shutters which must be open fully when the market is open. There is no insulation to the building meaning it gets too warm in the summer and too cold in the winter; this has resulted

in loss of traders (it being too cold for them to be in the building over winter) and is uninviting for customers. The recent energy cost increases have seen drastic increases in electricity costs which is compounded by the use of electric heaters to provide some heat to traders over winter.

The Market Hall has an aging customer base. This was highlighted in a 2017 NABMA Market Place consultancy report and has been echoed in the age profile of shoppers in recent user surveys. To ensure the future viability of the market it must attract new customers and the current offer and environment is not conducive to this. A survey of town centre users who do not shop at the Market was undertaken in 2021. When asked why, answers included statements such as “Cheap and nasty. Scruffy. Downmarket”, “Not a very attractive space, uninviting” and “It feels really cold and not welcoming”. This reinforces that substantial change to the appeal of the market needs to happen to re-launch it for a new and expanded customer base.

In addition, the recent energy cost increases have significantly increased operation costs at the building, increasing electricity costs from £8.5k to £20.7k per year. This, combined with general inflationary increases and reduced occupancy have meant the Market Hall no longer breaks even.

More widely, improvement to the Market Hall will also contribute to a strong town centre. Post-covid high streets are struggling and need a strong USP to draw customers in. A regenerated Market Hall will contribute to this and create a central focus for activity in the town centre.

## **ALIGNMENT WITH STRATEGY**

Objective S5 of the council’s strategic plan 2023-2032 sets out a commitment to improving the Market Hall:

***Objective S5 Ensure the Council’s built assets are financially sustainable with the usage and community benefit maximised***

*We will work to maximise the benefit of our buildings to the local community whilst also minimising operational costs and maximising income. This will include investing in renovations the Market Hall and Council Offices.*

## **SUCCESS FACTORS**

The immediate project success factors are:

- Significantly increased footfall
- Retention and recruitment of anchor traders (e.g. retain greengrocer and butcher)
- Improved environmental sustainability (and associated reduced running costs)

The medium-long term project success factors are:

- Increased opportunity for business incubation and establishment of new permanent businesses in the town centre following trial of market in Market Hall
- Decreased trader turnover
- Increased use of the building

## PROPOSAL

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 red brick with timber louves. One set of glazing would bifold 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. One unisex accessible toilet (with baby change) would be provided. Insulation would be installed to the roof and walls. The roof covering and rooflights would be renewed and solar panels would be installed. The proposals will create a more environmentally friendly building which will lower operation costs and contribute to climate change objectives.

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 demountable stalls, providing a flexible space for community use, events and temporary/pop-up traders, adding a provision which does not exist currently.

## SCALABILITY AND FURTHER DEVELOPMENT

Whilst recognising an incremental approach needs to be taken for the scaling of individual businesses, the refurbishment presents the opportunity to move towards a market hall which is open seven days a week. This could be achieved, for example, through food offering opening evenings, events and pop-up markets. The proposed reconfiguration would create a flexible central hall which would enable use by the wider community for public meetings and events when not in use as a market, creating a new space in the centre of the town and an additional revenue stream.

## DISCOUNTED ALTERNATIVES

Option	Overview	Reason Discounted
Do Nothing	Continue management of the market as it currently is,	Will result in managed decline. Customer base will reduce and footfall decline leading to loss of

	undertaking responsive maintenance.	traders and increased vacancy. Increased costs of managing the building and diminished rent will make it unviable, leading to the loss of the market.
Phased Works	Undertake phased renovations to improve aesthetic	Will fail to realise the potential to redesign the frontage to increase kerb appeal. Increased disruption to traders/shoppers from works programmes will impact footfall. Potential for inadvertent decline during period works take to complete. More challenging to finance in phases and more expensive overall.
Demolish/Rebuild	Demolish existing building and create new.	Substantially more expensive and significantly longer timeframe for disruption.
Demolish/Rebuild (higher)	Demolish existing building and create new with first/second floor use.	Longer timeframe and greater disruption during works programme. Significantly increased costs. Potential partner to fund and operate upper floor uses uncertain. Loss of ground floor market space to servicing needs of upper floors.

## FINANCES

### CAPITAL PROJECT

A scheme was developed by Hive Architects who were then instructed to work with Keelagher Okey Klein Quantity Surveyors to cost the project to a stage 2 cost estimate. The costing exercise was undertaken in July 2022 and an inflationary uplift has been applied. It is assumed procurement will be via a single stage competitive tender with a JCT standard building contract. The cost estimate is to an accuracy of +/- 10%.

#### 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	7,500

### 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
Cost	512,625
Risks/Contingencies	51,262
Inflation	75,768
Professional Fees (inc. architect, planning, project management)	70,000
Total (excluding VAT)	701,405

VAT will be fully recoverable; the building is subject to an option to tax making it a standard business activity.

### SOURCE OF FUNDING

The Town Council has been successful in securing £560,000 from the Department of Levelling Up, Housing and Communities through the Community Ownership Fund. The Town Council

has also been advised that it's application for a further £160,000 from the CEC Shared Prosperity Fund has been recommended for approval. Therefore, the entire project cost (as set out above) will be funded by external grants.

Additionally, the council holds a capital reserve of c. £150k and a Market Hall reserve of c. £30k. This provides an extra buffer of contingency. At this stage it is not expected that these reserves will be required; at the point of tendering, the project finances will be reviewed and appropriate cost engineering will take place (e.g. to remove desirable but non-essential works, adjust specifications etc) to ensure the project is within the grant funding envelope. In the event additional resource is required this would be considered by Full Council.

## ONGOING OPERATIONAL BUDGET

The following table outlines the estimated ongoing 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). These are based on existing known operational costs.

An allowance of 10% income being committed to reserves is in line with the council's reserves 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 cleaning of the market and some management cost. Insurance costs are an estimated based on reinstatement and loss of income insurances.

ITEM	£'000
STANDARD TRADER INCOME	34.00
CASUAL TRADER INCOME	11.50
ADDITIONAL USE INCOME	5.00
<b>SUBTOTAL</b>	<b>50.50</b>
INSURANCE	0.75
OPERATION COSTS	9.50
UTILITIES	15.00
WASTE	6.70
<b>SUBTOTAL</b>	<b>31.95</b>
<b>PROFIT/LOSS</b>	<b>19.95</b>
10% RENTS TO RESERVE	4.50
CONTRIBUTION TO STAFFING	12.00

The rentals are calculated based on a £31/m<sup>2</sup> rent (standard stalls), £35/m<sup>2</sup> rent (wet stalls), and £50/m<sup>2</sup> (café). Casual stalls would be £25 per day, providing six lettings twice per week 46 weeks per year. This estimate presumes Friday/Saturday (the present busy days) as the occupied days, and provides headroom for greater income if traders are secured across additional days.

Operation costs are based on existing operational costs and include statutory compliance testing, marketing and publicity, janitorial supplies and minor/adhoc repair and function costs. Utilities reflect a 30% decrease on current usage through re-billing of costs to traders from sub-meters (excluded from above) and reduced electricity costs from energy efficiency measures (insulation, efficient heating and solar panels).

## **WORKPLAN**

<b>Month</b>	<b>Activity</b>
Nov/Dec 2023	Submission of Planning Application
December 2023	Architect to develop plans to RIBA 4
January 2023	Tendering commenced
March 2024	Planning Approval Achieved
April/May 2024	Works Commenced (3-6 month duration)
Aug-Nov 2024	Handover and reopening

## **GOVERNANCE**

### **PROJECT GOVERNANCE**

The weekly email briefing to councillors will feature project updates to ensure members are kept briefed as the project develops. The project will be formally overseen by the Assets and Operations Committee which will receive update reports at each meeting.

All costs will be subject to the council's Financial Regulations and any specific tendering rules as required by the funding schemes. The council's standard policies will apply.

### **PROJECT MANAGEMENT**

The project will be managed by the Town Clerk through to the appointment of a contractor. The council's architect will manage the delivery of external professional input into the design

and tendering. An appointed contract administrator (possibly the architect, tbc) will manage the contract, value works and oversee the construction phase. This mirrors similar (albeit smaller) projects the council has overseen including the creation of commercial letting spaces within public toilet buildings and renovation of the chapel.

## RISK MANAGEMENT

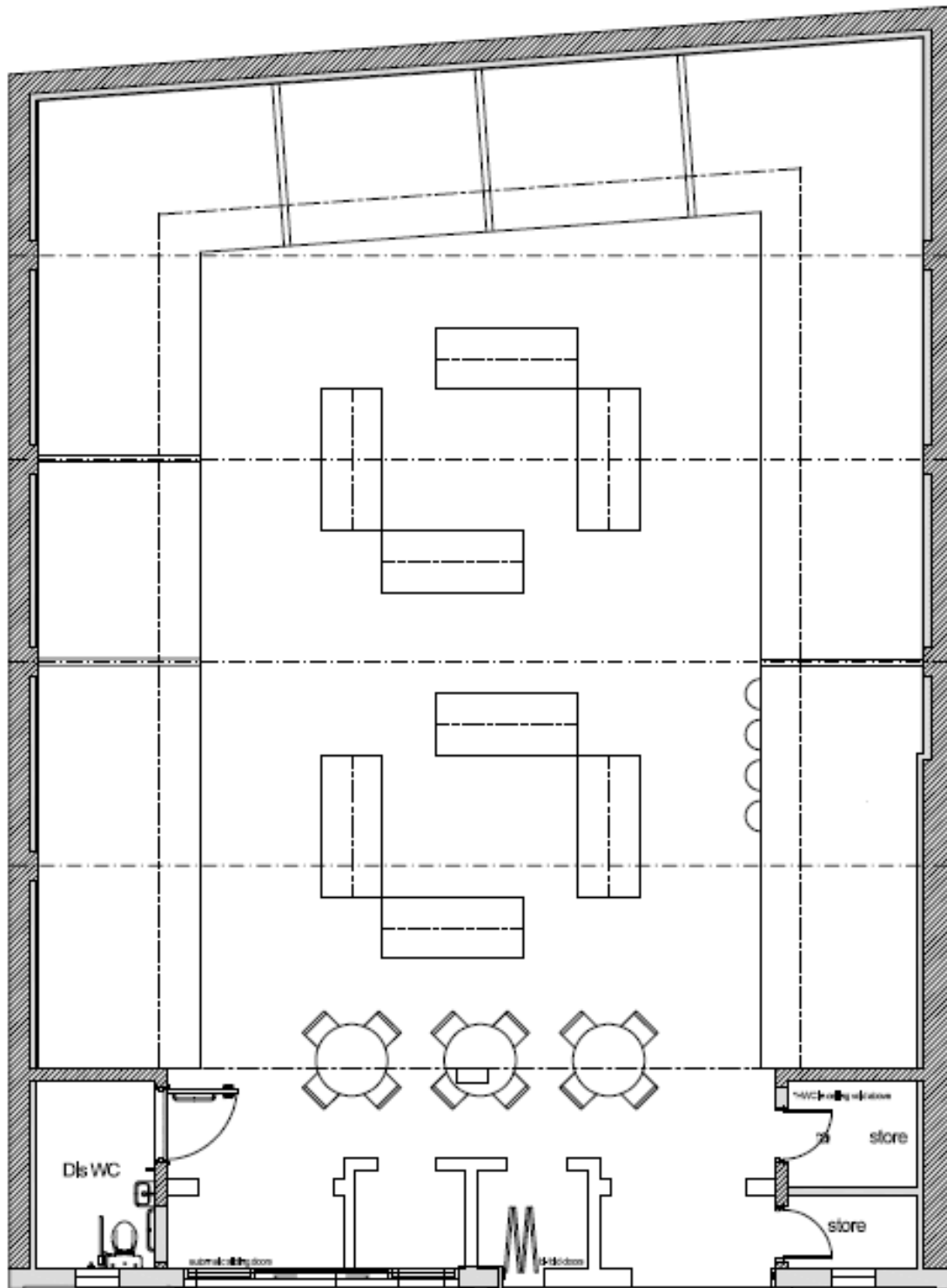
Risk	Likelihood	Severity	Mitigation / Comments	Risk Rating
Failure to obtain planning consent	LOW	SIGNIFICANT	Architect briefed on policies of Knutsford Neighbourhood Plan and Town Centre Conservation Area Appraisal. Pre-application engagement sought with Conservation Officer.	MEDIUM
Delay in securing planning consent	MEDIUM	SIGNIFICANT	Application to be submitted as soon as practicable. Cheshire East Council to be advised of funding expenditure requirements.	HIGH
Loss of key personnel	LOW	SIGNIFICANT	Effective project management documentation system to be implemented to enable locum/external professional to take over.	MEDIUM
Loss of architect	LOW	MODERATE	Appointed architect is a local firm with a stake in the town; alternative contractor would be appointed in event of withdrawal of firm.	LOW
Loss of traders	LOW	MODERATE	Temporary trading accommodation will be secured funded by ongoing rents to enable traders to continue whilst works take place.	LOW
Works cost more than anticipated	MEDIUM	SIGNIFICANT	QS engaged to provide accurate cost estimates. Contingency factored into project costs. Inflation factored into costs. Potential to cost engineer solution on tendering if necessary.	HIGH

Failure to attract new traders	LOW	MODERATE	Renovation expected to generate significant interest. Enquiries frequently received for potential traders who are deterred by condition. Enquiries already being received for refurbished market hall.	LOW
Lack of public support	LOW	MODERATE	Indications to date are of public support for investment in the market hall.	LOW
Loss of political commitment	LOW	MODERATE	No major change in council expected.	LOW
Failure to manage project	LOW	SIGNIFICANT	Utilise professional support for the detailed project management from architect and appointed contract manager.	MEDIUM
Failure to attract community / additional use	LOW	MODERATE	Council has strong links with a diverse array of organisations which will be approached to use the asset once regenerated. Non-market use a minor factor in business case finances.	LOW
Contractor failure	MEDIUM	SEVERE	Strong contract with penalty arrangements. Tendering to carefully consider contractor strength.	HIGH

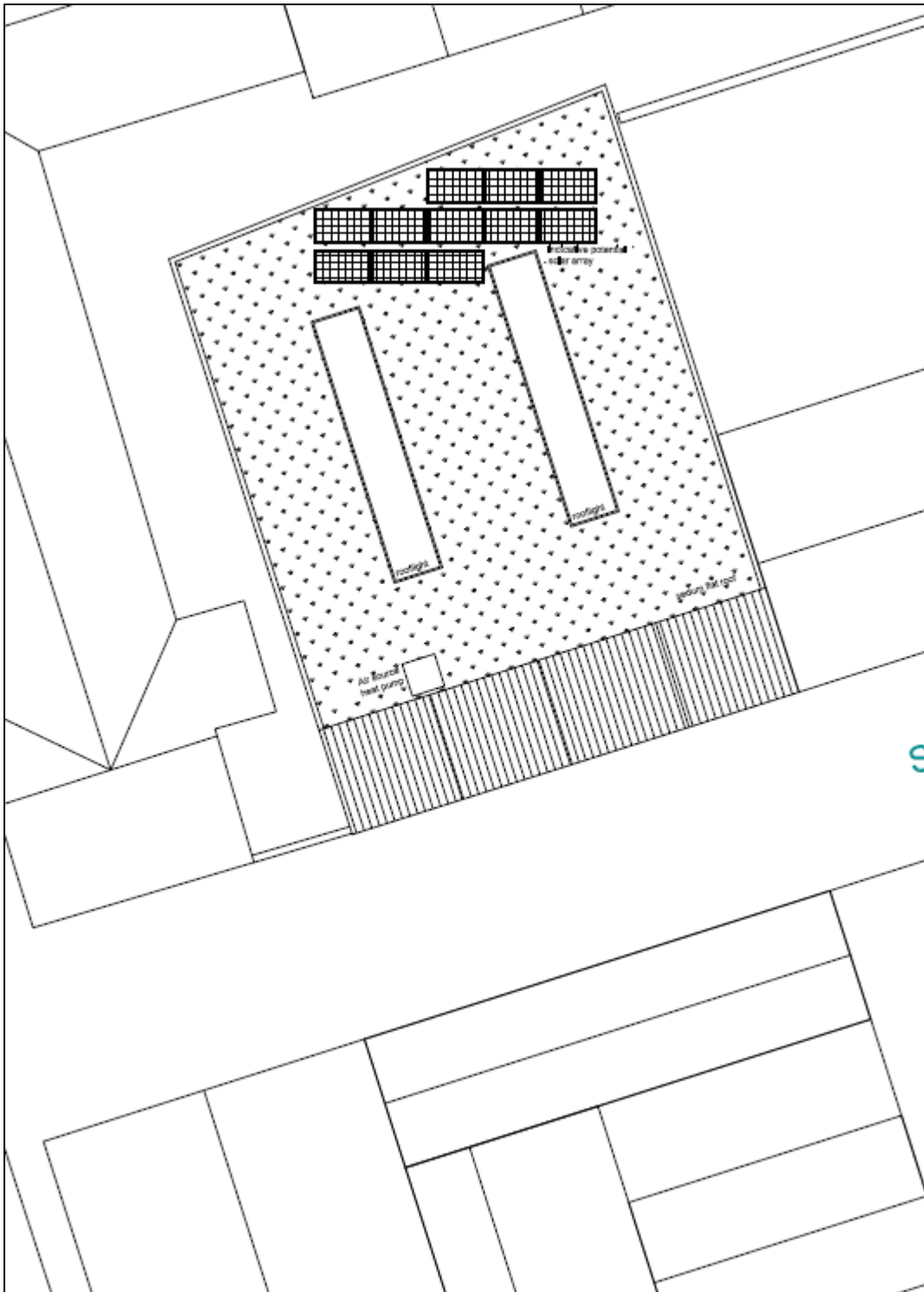
# APPENDICES

## Appendix A: Plans and Illustrations

### FLOOR PLAN (WORKING DRAFT)



# ROOF PLAN (WORKING DRAFT)



INTERNAL (ILLUSTRATIVE)



STALL DESIGN EXAMPLE (WORKING DRAFT)

