

AGENDA ITEM 13

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

3rd JUNE 2015

REPORT OF STRATEGIC DIRECTOR (CM) AND CORPORATE PROPERTY OFFICER

CATTLE MARKET UPDATE: PHASE 1 – PLANNING AND PRE-CONSTRUCTION

1.0 PURPOSE OF THE REPORT

- 1.1 To update the Committee on matters relating to the Cattle Market regeneration and rationalisation project and to outline the progress made and next steps planned.

2.0 RECOMMENDATIONS

It is recommended that:-

- 2.1 Members note the update on progress related to this project as set out in the report.
- 2.2 Members note that “confirmation” of the overall Growth Deal indicative allocations have been received, however no formal offer letter from the LLEP has been provided to date and this is awaited.
- 2.3 Members recommend to the Policy, Finance and Administration Committee that expenditure from the capital allocation continues to enable the pre-construction phase to be completed, prior to the formal notification of the grant award as set out in the exempt Appendix A.
- 2.4 Members recommend to the Policy, Finance and Administration Committee a revised spending profile and allocation of Council funding for the Cattle Market regeneration project as outlined in para 5.1.
- 2.5 Members note the liaison taking place with partners and interested parties as set out in the report.
- 2.6 Members note that the final drawings are due to be submitted to the Planning Authority and delegate authority to the Corporate Property Officer in consultation with the Strategic Director (CM), to make any necessary changes or undertake additional surveys to satisfy any planning conditions or queries as a result of the submission, as advised by the Councils Project Managers and Contractors.
- 2.7 Members note the initial Heads of Terms for a new 20 year lease have been reported by Bruton Knowles and officers will be working through these and they will be reported back to Members in due course.

3.0 KEY ISSUES: CATTLE MARKET

Background and introduction

- 3.1 In March 2014 this Committee approved the concept of a project to reconfigure and upgrade the cattle market site to secure the future of the livestock market at its existing location for the next 20 years. Objectives for the project included to secure existing income levels, ensure prudent capital expenditure and also to release part of the site for alternative use. Grant funding opportunities for the project were identified and this was subsequently secured and Members approved the decision to negotiate and grant a lease agreement with the existing operators for a 20 year period. Professional consultants Pick Everard were appointed to project manage and provide technical support for the project through a competitive process and Morgan Sindall were appointed as contractors through a East Midlands Property Alliance framework agreement. Members approved a business case, drawings and funding for further feasibility studies at a meeting of this committee on 27th November 2014 they also delegated authority to the Corporate Property Officer in

consultation with the Strategic Director (CM) to finalise details for submission to the Planning Authority for planning approval.

- 3.2 At this Committee in November 2014 members requested Policy, Finance and Administration Committee (PFA) to approve capital funding for Phase 1 of the project subject to a successful funding bid and this was approved by PFA . Officers have received “confirmation” of the overall Growth Deal indicative allocations; however no formal offer letter from Leicester and Leicestershire Economic Partnership (LLEP) has yet been received. Members should note the associated risks of proceeding without a formal grant letter.
- 3.3 The project is now entering the detailed design Stage, (Stage 3 on the East Midland Property Alliance framework) our contractors and consultants Pick Everards have confirmed the project is achievable, a significant number of surveys have been completed, we have an outline programme, feasibility report with a risk register and estimated construction costs The external project team have provided a full set of drawings together with a description of the building, its main components and high level specifications. The contractors are at the technical design stage which will take about 12 weeks to complete before going out to market for prices from contractors, it is expected that the planning application will have been submitted by the time this report is issued to Members.
- 3.4 The Market Partners have been closely involved in the design details for the building layouts, pennage details and proposed external solutions and they have signed off the final planning drawings. One of the key matters for consideration at present is whether to have part-movable pens. The Partners will continue to be involved with the project as discussions progress on the logistics of the construction works, identifying preparations necessary to enable the market to continue operating in a restricted area and ensuring appropriate measures are in place to ensure that the market can continue to operate throughout the duration of the works. It is in the interests of all parties that the construction programme is kept to a minimum and there is business as usual at the cattle market during works, so far as reasonably practicable and financially justifiable.
- 3.5 The cost estimates submitted by Morgan Sindall and checked and approved by Pick Everards indicate that total project costs will be within the overall budget.
- 3.6 Morgan Sindall have had an initial meeting with the Melton Market Partners and the internal project team to review lead in times and the construction programme, the first programme forecasted a build period of 40 weeks on site on the assumption that there will be a 5 day working programme. This forecast was a concern for the Council and the Market Partners, due to the peaks and troughs of the livestock trading the market partners hoped that building works would commence in April 2016 and be completed by October 2016. The contractors have indicated this is not possible The programme is being re-visited to see whether any preparatory works can be brought forward , a balance will need to be found between potential to incur on costs for contractors for expediting works and the need to have minimal impact on the ongoing livestock auctions. There will remain regular review and discussions throughout the project to monitor this particular situation.
- 3.7 Bruton Knowles, specialist rural Chartered Surveyors, have negotiated draft Heads of Terms and these terms are being worked through by internal officers and will be reported to Members in due course.
- 3.8 The Melton Market Partners are looking at how their business might accommodate investment opportunities in the future and are talking to officers on a confidential basis about their future plans.
- 3.9 The Southern ‘Opportunity Area’ will need to be used for current annual events on the re-configured site with effect from April 2016. We will be seeking to ensure that the construction period does not affect the events planned for 2016 and we will be working and communicating with stakeholders accordingly. The project team will aim to schedule the works to the Service Yard in the north around known events.

3.10 The Farmers Market, as a trading entity in the opportunity area, have shown great enthusiasm for the proposed changes, informal consultations commenced approx. 8 weeks ago. Monthly meetings are being held between them and the MMMP's (who operate the market) and MBC officers. Marketing and physical improvements are being worked on to ensure that this part of the site offer has a realistic and relevant business plan for improvement and investment, both short and long term. A business case and costs will be available shortly and reported back to Members when available.

3.11 Interim improvements:

Members have already approved a project mandate for capital works at the cattle market to address risk items identified during an insurance inspection. The business case for this is being worked up now. There may be a case for bringing forward some of the works identified by traders, which are as yet unfunded, as being desirable at the same time as the Health and Safety works to realise economies of scale and mandates and business cases will be prepared accordingly and brought back to members.

3.12 Next steps.

There is a strong case for specific focus on delivery of phase 1 of the project at this stage of the project, neighbouring developments and emerging planning initiatives may also influence the direction and nature of Phase 2 that deals with an opportunity area.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The Cattle Market is an important asset for the town, rural areas and region, attracting businesses and visitors from all over the country and it is vital that the Council continues with its investment into the market to enable it to modernise and meet customer expectations. The project continues to receive support from a wide range of stakeholders.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The gross capital sum included in the capital programme is £5.5m which is being funded by £3.5m from the LLEP and £2m from Capital Receipts of which £3.5 is allocated in 2015/16 due to the previously anticipated start date but will need revising in light of timescales outlined in para 3.6 to:

- 2015/16 - £0.750m
- 2016/17 - £4.250m
- 2017/18 - £0.500m

5.2 Further detailed information is contained with exempt appendix A

6.0 LEGAL IMPLICATIONS

6.1 Legal advice has been sought on the Heads of Terms for an agreement.

6.2 Members are aware that the abattoir site was obtained with the assistance of grant funding monies from East Midland Development Agency (now Homes and Communities Agency) which requires a development plan for the site to be in place and delivered within agreed timescales.

6.3 At the request of the LLEP specific State aid advice has been requested and provided by specialist lawyers in this regard and the necessary actions are being undertaken accordingly.

6.4 The Town Estate owns the freehold of part of the site and the Council has a long lease, legal advice has been previously been obtained on any implications in relation to the intended re-development and officers continue to liaise closely with representatives from the Town estate on this project.

7.0 COMMUNITY SAFETY

- 7.1 There are several safety issues to consider at the cattle market, separation of the livestock markets with other businesses, including those with food and drink. The surfaces of the car parks and access ways are old and deteriorating and require constant patching and attention.
- 7.2 The Community Safety Partnership has indicated a desire to relocate CCTV cameras which are an integral part of the Town Centre CCTV arrangements and officers are seeking to incorporate these changes as part of the process.

8.0 EQUALITIES

- 8.1 Access issues for people with disabilities will be an important consideration for any future improvement plans and consultation with a local access group on development plans will be part of the process.

9.0 RISKS

- 9.1 The cattle market is subject to certain unique risk factors, for example livestock diseases, changes in legislation, changes in market conditions and it can also be adversely impacted by extreme weather conditions which are considered when reviewing long term options for the site. Due to these risks the Cattle Market project has been included on the Corporate Risk Register to reflect the critical nature of the risk of being unable to deliver the cattle market project in accordance with agreed objectives, timescales and budget. Some of the key consequences of failing to deliver this project could be:
- Lost opportunity to regenerate a significant asset and free up land for alternative uses
 - Loss of potential for business support, employment and incubation.
 - Reliance on current visitor offer when other market towns are improving their offer.
 - Degradation in asset.
 - Running down of Cattle Market and consequential impact on the Town Centre.
 - Loss of income
 - Potential to trigger clawback provisions on the abattoir grant funding received from EMDA.
 - Abortive costs
- 9.2 An area of concern for the project is in respect of drainage. The site has extensive drainage needs and a large numbers of drains. This is being explored in some detail in order to enable the best solution to be arrived at. In addition the opportunity is being taken to address some current issues with existing drainage as part of the project.

9.3 Key Risks associated with the Livestock Market Project – Phase 1.

L I K E L I H O O D	A	Very High				
	B	High	2			
	C	Significant			1, 3, 4, 5, 6	
	D	Low				
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Grant funding – Timing & extent of funding award, abortive costs
2	Building whilst Livestock facilities open and its impact on the business.
3	Disease break out effects business operations resulting in loss of income
4	Planning and Statutory Consents may not allow preferred construction.
5	Unexpected costs from build (including drainage works)
6	Impact of delay in build programme on business

9.4 The key risks of development of the Livestock Market Phase 1 project are set out in the table above. A Risk Log is being maintained during the project where the risks are set out in detail.

10.0 CLIMATE CHANGE

10.1 Extreme weather conditions can and often will impact on the activity at the cattle market. Renewable energy initiatives are being considered as part of the project review process.

11.0 CONSULTATION

11.1 Consultation with partners including market partners, market traders, Town Estate, NFU Melton and other stakeholders will continue to be an important aspect of the project.

12.0 WARDS AFFECTED

12.1 All wards are affected.

Contact Officer: David Blanchard

Date: May 2015

Appendices: Exempt Appendix A

Background Papers: Confirmation of Growth deal indicative allocations

Reference: X: Ctte,Council & SubCttes/REEA/