



**OPEN REPORT  
COUNCIL**

---

**Council 27 July 2023**

**LAND AT BAKEWELL ROAD MATLOCK: OUTCOME OF TENDER PROCESS  
AND OPTIONS FOR FURTHER ASSESSMENT**

**Report of Director of Regeneration and Policy**

**Report Author and Contact Details**

Giles Dann, Regeneration and Place Manager  
01629 761211 or [giles.dann@derbyshiredales.gov.uk](mailto:giles.dann@derbyshiredales.gov.uk)

**Wards Affected**

Matlock East & Tansley and Matlock West and wards within the central area of the district

**Report Summary**

To receive an update on the outcome of the further Invitation to Tender and status of the project, and to consider options to be carried forward for further assessment.

**Recommendations**

1. That the update on the project be received and agreed.
2. That Members note the outcome of the second tender exercise which concluded without contractor appointment.
3. That the longlist of options considered for the project be noted.
4. That the refined options be noted and carried forward for further assessment with the support of external consultants with a report on the outcome to be brought back to Members for consideration at the earliest opportunity.

**List of Appendices**

Appendix 1 – Refined Options for Further Assessment July 2023

**Background Papers**

- Report to Council 26 July 2022: Land at Bakewell Road, Matlock: Update On Proposed Conversion Of Former Market Hall and Modifications to External Layout
- Report to Council 2 March 2023: Capital Programme 2022/23 to 2026/27 - Appendix E Supporting Information for UKSPF and REPF

**Consideration of report by Council or other committee**

N/A

**Council Approval Required**

Yes

**Exempt from Press or Public**

No

## Land at Bakewell Road Matlock: Outcome of Tender Process and Options for Further Assessment

### 1. Background

- 1.1 The District Council owns the freehold interest in land at Bakewell Road, Matlock and occupies the former Market Hall building and covered bus bay area by way of a 99-year under-lease dated 17th May 1986. The head lease is held by London Metric who sublet the neighbouring property to M&S and Boyes.
- 1.2 The former Market Hall holds a prominent position at the entrance to the town centre from the west. The site is allocated for mixed use re-development within the Derbyshire Dales Local Plan 2017 and the proposed development is identified as a priority in the Derbyshire Dales COVID-19 Economic Recovery Plan 2020 and Corporate Plan 2020-2024.
- 1.3 The Updated Business Case for the proposed conversion of the former Market Hall (prepared by Thomas Lister Ltd. with support from Amion Consulting) enabling provision of a new indoor leisure attraction - two screen cinema - and enclosure of part of the adjacent covered bus bay area to provide an ancillary commercial use - food & beverage / retail unit - was approved at the meeting of the Community & Environment Committee held on 1 March 2022. The scheme received detailed planning consent on 8 February 2022. Further reports were considered by Members at 22 July 2022 Council and 2 March 2023 Council.
- 1.4 As a reminder, the District Council's (Landlord's) works include:
- Building shell:- comprising the creation of two individual commercial units:
    - a two-screen cinema
    - a food and beverage unit; and accessibility / flood resilience measures in support of the scheme.
  - Public realm:- comprising a phased programme of improvements on the north side of Bakewell Road including:
    - new bus and taxi waiting facilities;
    - enhanced surface treatment;
    - signage;
    - planting; and
    - improved pedestrian and cycle provision.
- 1.5 Based on the cost plan for the scheme prepared by external consultants, the following funding package was agreed in 2022:

<b>TABLE 1: SHELL WORKS &amp; PUBLIC REALM</b>	
DDDC	£756,000
UKSPF	£460,000
DCC	£100,000
Total	£1.316m
<i>Figures rounded to nearest £ thousand</i>	

- 1.6 In addition, the District Council has committed expenditure towards design fees and a contribution to the cinema fit-out (to be delivered by the proposed cinema operator (Market Hall Tenant)) resulting in a total Capital Programme funding commitment (2020/21 to 2024/25) of £1.228m.
- 1.7 An Invitation To Tender (ITT) for the building shell and public realm works was published in November 2022. Three tenders were received. However, as Members will be aware, following a review of compliance, quality and price, an acceptable / affordable tender was not received.
- 1.8 Following review, the Project Management Group agreed that a value engineering exercise be undertaken of the existing scheme design with a view to reducing costs where possible whilst retaining the core elements of the scheme. Working with the scheme architect and QS, this work was completed, the tender documents and drawings revised and the ITT re-issued in February 2023.
- 1.9 In anticipation of the cost position remaining challenging, at 2 March Council, Members agreed to include further UK Shared Prosperity Fund capital of £273,000 within the Capital Programme to support delivery of the Bakewell Road scheme, along with a further provisional allocation of Rural England Prosperity Funding of up to £135,737 totalling £408,737 subject to the outcome of the tender process and review of final scheme proposals.

## 2. Key Issues

- 2.1 Since the last report to Members (to note Ward Members have been updated on progress during the intervening period) the further tender process has been completed. Two tenders were received in response to the re-issued ITT (both from round 1 contractors). Both tenders exceeded the 2022 cost plan / budget, and despite value engineering, both tender prices had increased. A significant variation in rates and price was also noted and potential financial resilience risks identified.
- 2.2 Tendered prices for the Shell and Public Realm works were as follows:

<b>TABLE 2: OUTCOME OF 2023 TENDER EXERCISE</b>	
Tender A	£1.474m*
Tender B	£2.001m
<i>*Pricing information incomplete</i>	

- 2.3 To note, the more competitively priced tender received was within the increased budget allocation agreed by Members in March 2023 but the second tender was above the increased budget.
- 2.4 Following evaluation, unfortunately an acceptable / affordable tender has again not been received and the second tender exercise has concluded without a contractor appointment, illustrating the significant challenge of delivering the proposed scheme within the current volatile construction market, impacted by high cost inflation.

2.5 Whilst highly disappointing for all parties concerned, the proposed cinema operator remains committed to working together with the Council to pursue a scheme for Matlock. Derbyshire County Council have also been made aware of the position and discussions have informed potential options.

2.6 In consultation with the Project Management Group, an initial longlist of options was prepared by officers. Following meetings with Ward Members on 11 May and 9 June, and with Leaders and the Chair of C&E on 19 June, a refined list of options recommended for carrying forward for further assessment are set out in the following section of the report.

### 3. Options Considered and Recommended Proposal

3.1 The longlist of options considered was based on those set out in the Full Business Case for the project excluding those involving other land / a wider scheme previously discounted on deliverability and affordability grounds. Based on affordability and deliverability considerations, the provision of community space was also excluded (as agreed for the second tender exercise).

3.2 Longlist options included:

- Do nothing – withdraw scheme
- Re-tender existing scheme (inc. full public realm) at later date
- Deliver cinema and F&B unit with reduced public realm
- Deliver cinema only as first phase
- Construct cinema as proposed but basic F&B shell only with full public realm scheme
- Construct cinema as proposed but basic F&B shell only with reduced public realm
- Deliver public realm only (in full or wider scheme) as a first phase

3.3 Following feedback from Ward Members, Leaders and the Chair of C&E, a refined list of options for the Landlord’s works is set out below. This includes four development options plus sub-options for public realm works. The list is summarised in **Table 3** and set out in full in **Appendix 1**. Alongside an initial assessment, consideration has also been given to funding options, delivery options and procurement options for each:

<b>TABLE 3: REFINED OPTIONS - LANDLORD’S WORKS</b>	
<b>Option</b>	<b>Description</b>
Option 1. Do nothing (also the Reference case against which other options are tested)	Do not deliver any refurbishment of the former market hall or enhanced public realm. Building remains empty for foreseeable future and continues to adversely impact on the local area
Option 2. Retain existing scheme and re-tender at later date	Re-tender Cinema and F&B unit with full public realm scheme (inc. new public transport arrangements) when more favourable market conditions

Option 3. Deliver first phase only i.e. cinema	Cinema only with no F&B / retail property developed with limited improvements to immediate surrounds / bus station area
Option 4. Construct cinema as proposed but basic F&B shell / floor slab and services only	Future tenant to complete F&B unit as part of fit-out

3.4 Members attention is drawn to the initial assessment of options (Appendix 1), in particular comments regarding the deliverability, acceptability and affordability of different options.

3.5 It is recommended that the refined options be carried forward for further assessment with the support of external consultants with a report on the outcome to be brought back to Members for consideration at the earliest opportunity.

3.6 To understand the potential implications of each option it is proposed to consider the following:

- Costs and Funding – to note on the advice of the project QS this would be based on the higher of the two recent tenders with inflation estimates and plus and minus cost sensitivity built in (10% to 30%)
- Commercial – with and without the F&B unit
- Economic/Financial – benefits, viability and VfM for development options.

3.7 A further important consideration is to review the public subsidy position. An updated subsidy assessment will need to be undertaken on final scheme proposals.

#### **4. Consultation**

4.1 Ward Members, Leaders and the Chair of C&E Committee have been consulted on the longlist of options for the scheme.

4.2 Discussions have also been held with the proposed cinema operator and Derbyshire County Council regarding the current position.

4.3 The Matlock Community Vision Steering Group have been informed of the status of the project.

#### **5. Timetable for Implementation**

5.1 The aim is to complete the assessment of refined options to enable a further report to C&E Committee on 7 September 2023.

## 6. Policy Implications

- 6.1 The development of the Bakewell Road site will positively contribute to the Corporate Plan priority of Prosperity, specifically: *'Promoting investment to stimulate the economy of our market towns'*. Initiating a development scheme for the Bakewell Road site on the edge of Matlock town centre is a priority action in the 2020-2024 Corporate Plan and COVID-19 Economic Recovery Plan.
- 6.2 The purpose of the scheme remains to: *support the economic regeneration of Matlock town centre by bringing underutilised land back into economic use in order to diversify the town's offer, increase footfall and boost the visitor and evening economies*. This approach sits squarely within the Council's place-shaping role.

## 7. Financial and Resource Implications

- 7.1 The table below shows capital expenditure already spent on the related capital projects up to 2022/23 and the proposed budgets included in the updated capital programme that is recommended elsewhere on the agenda for this meeting.

Project Ref.	Project Title	Actual Spend 2020/21	Actual Spend 2021/22	Actual Spend 2022/23	Budget 2023/24	Budget 2024/25	Total
		£	£	£	£	£	£
625	Bakewell Road Development	2,080	31,786	51,251	1,143,343	0	1,228,460
674	Matlock Town Centre Public Realm	0	0	17,485	117,515	325,000	460,000
678	Matlock Town Centre To support Bakewell Road	0	0	0	69,000	204,000	273,000
679	Town Centre Sustainable Communities Programme	0	0	0	33,333	102,404	135,737
	<b>Total Capital Programme</b>	<b>2,080</b>	<b>31,786</b>	<b>68,736</b>	<b>1,363,191</b>	<b>631,404</b>	<b>2,097,197</b>
	<b>Financed By</b>						
	Grants	0	0	17,485	219,848	631,404	868,737
	Capital Programme Reserve	2,080	31,786	51,251	152,833	0	237,950
	Capital Receipts Reserve	0	0	0	178,529	0	178,529
	Economic Development Reserve	0	0	0	48,000	0	48,000
	Corporate Plan Priority Reserve	0	0	0	201,471	0	201,471
	Investment Reserve	0	0	0	562,510	0	562,510
	<b>Total Financing</b>	<b>2,080</b>	<b>31,786</b>	<b>68,736</b>	<b>1,363,191</b>	<b>631,404</b>	<b>2,097,197</b>

- 7.2 The outcome of the tender process has been covered in Section 2 of the report. An acceptable tender has not been received and the tendered costs of the scheme should be noted.
- 7.3 The Project Management Group previously agreed that officers should procure consultants to support the review of the economic and commercial case for the project and to provide further advice on subsidy control. This expenditure, totalling £6,815, is therefore committed. Including an initial assessment of the refined options (before assessing the preferred option in more detail), the cost of the consultancy work in total is estimated at c£8,000. The cost of this additional work is to be met from the Economic Development revenue budget. It is proposed to update Members on the total fees incurred on the project at the September meeting of C&E Committee ahead of future work. To note, as set out in Appendix 1, Options 3 and 4 will incur additional design team fees and Option 3 may require a new planning application.
- 7.3 In addition to updating on the project, as the purpose of this report is to agree the refined options to be carried forward for further assessment the financial risk of this report's recommendations is assessed as low. The financial implications of different options will be subject to separate consideration. With regard to resource implications, the options assessment requires the support of external consultants, the costs of which are set out above.
- 7.4 Subject to Members' approval of the options to be carried forward for further assessment, the financial implications of each option will need to be identified. The construction market remains challenging with costs impacted by high inflation. As indicated in Section 3, the project QS has advised costs are based on the higher of the recent tenders received which exceed the current budget. Given the status of the project, the ability to retain funding allocated within Derbyshire County Council's Capital Programme and the UKSPF Programme (C&E report of 13 July 2023 refers) will also be key considerations.

## **8. Legal Advice and Implications**

- 8.1 Based on the purpose of this report i.e. to agree options for further assessment, the legal risk is considered to be low.
- 8.2 Regarding the project more generally, as previously reported to Members, Heads of Terms for the Agreement for Lease have been agreed with the proposed cinema operator. The Agreement for Lease and Licence for Works have since been issued to the operator in draft form. The Deeds of Variation to the head lease and underlease have also been issued to London Metric's solicitors. Responses are being pursued.
- 8.3 As indicated above an updated subsidy assessment will need to be undertaken on final scheme proposals.



## **9. Equalities Implications**

- 9.1 An Equality Impact Assessment (EIA) has previously been prepared for the scheme and was considered at the Council meeting of 26 July 2022. A further equalities assessment may be required on final scheme proposals to assess the implications of any significant changes to the project.

## **10. Climate Change Implications**

- 10.1 Regarding the scheme as a whole, the climate change impacts have been considered in detail through the planning application and completion of the Climate Change SPD checklist. A further climate change assessment may be required on final scheme proposals to assess the implications of any significant changes to the project.
- 10.2 Considering the nature of this report and recommended action, the climate change implications are considered minimal. The substantive work of the consultants will be desk-based and required meetings held virtually.

## **11. Risk Management**

- 11.1 The risks associated with completing the further options assessment are considered limited. It is anticipated that the work can be completed in the proposed timescales and managed within available resources. However, wider risks including further delay and delivering the project in the current financial climate, impact of a reduced scheme on the original business case and retaining interest from the proposed cinema operator remain.

### **Report Authorisation**

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	19 <sup>th</sup> July 2023
Director of Resources/ S.151 Officer	Karen Henriksen	18 July 2023
Monitoring Officer (or Legal Services Manager)	James McLaughlin	19/07/2023