



**OPEN REPORT
COUNCIL**

Council 14 December 2023

PART A) LAND AT BAKEWELL ROAD MATLOCK: OUTCOME OF OPTIONS ASSESSMENT AND PROPOSED APPROACH

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

Wards Affected

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

Report Summary

To receive a summary of and conclusions from the economic and financial assessment completed by external consultants on development options for the site, and consider an initial package of works to be commenced during the remainder of 2023/24.

The Addendum (November 2023) to the Updated Business Case (February 2022) is included in the Part B) report exempt under the Local Government Act 1972 Schedule 12A paragraph 3 - information relating to the financial or business affairs of any particular person including the authority holding the information. However, key summary information is extracted for the purpose of the public report.

Recommendations

1. That Members note the continuing challenges in delivering the project within the current economic climate.
2. That Members note the outcome of the updated economic and financial assessment of the project / development options agreed by Council (updating the previous business case) and completed by external consultants, and wider cost benefit / financial analysis prepared for the scheme.
3. That the long-standing commitment of the proposed cinema operator to working with the Council to this stage to pursue a scheme for Matlock be acknowledged and minuted.

4. That previous input to the project and close working with Matlock Community Vision Steering Group be acknowledged and minuted.
5. That, taking account of the updated economic and financial assessment of the project and current economic climate, the proposed conversion of the former Market Hall comprising a two-screen cinema and food and beverage unit be deferred with a review of the position to be undertaken in approx. 18 months' time should economic conditions improve.
6. That an initial Phase 1 works package to the existing bus station as proposed in the report be progressed in early 2024 comprising: external works to the building; internal works to the bus station area to improve waiting facilities for bus passengers and taxi users and public realm works in the immediate vicinity.
7. That the existing District Council Capital Programme allocation to the wider development scheme be retained subject to review of the scheme as per recommendation 5.
8. That proposals for re-allocating UK Shared Prosperity Fund and Rural England Prosperity Fund capital funding allocated to the project in 2024/25 be developed for consideration by the Derbyshire Dales UKSPF Partnership Board, both for the Bakewell Road site and alternative schemes, in accordance with the criteria set out in Section 6, and a further report be brought back to Members at the earliest opportunity.

List of Appendices

None

Background Papers

- Report to Community & Environment Committee 1 March 2022: Land at Bakewell Road Matlock: Proposed Conversion of Former Market Hall Updated Business Case
- 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
- Report to Council 27 July 2023: Land at Bakewell Road Matlock: Outcome of Tender Process and Options for Further Assessment

Consideration of report by Council or other committee

N/A

Council Approval Required

Yes

Exempt from Press or Public

No (Part B to report – Addendum to Business Case exempt)

Land at Bakewell Road Matlock: Outcome of Options Assessment and Proposed Approach

1. Background

- 1.1 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 Community & Environment Committee held on 1 March 2022. The scheme received detailed planning consent on 8 February 2022. Project development has been overseen by the Project Management Group (PMG) comprising the Chief Executive, Director of Regeneration & Policy, Regeneration and Place Manager (project lead) and Estates and Facilities Manager, with input from the Council's Legal and Finance teams.
- 1.2 Based on the cost plan for the scheme prepared by Greenwood Projects (QS), the following funding package for the District Council's (Landlord's) Works was agreed in 2022:

TABLE 1: SHELL WORKS & PUBLIC REALM	
DDDC	£756,000
UKSPF (public realm)	£460,000
DCC (public transport)	£100,000
Total	£1.316m
<i>Figures rounded to nearest £ thousand</i>	

- 1.3 In addition, the District Council 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.
- 1.4 An Invitation To Tender (ITT) for the building shell and public realm works was published in November 2022. As previously reported, unfortunately, following a review of compliance, quality and price, an acceptable / affordable tender was not received.
- 1.5 Following value engineering of the design, the ITT was re-issued in February 2023. As previously reported to Council, unfortunately an acceptable / affordable tender was again not received. Members were informed that both tenders exceeded the 2022 cost plan / scheme budget, and despite value engineering, both tender prices had increased. In addition, a significant variation in rates and price was noted and potential financial resilience risks identified.
- 1.6 As shown in table 2, the higher of the two tenders was also above the increased budget allocation for the Landlord's works following Members' decision to allocate an additional £408,737 UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) capital to the project

in March 2023. Tendered prices for the Shell and Public Realm works were as follows:

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

- 1.7 The second tender exercise therefore again 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.
- 1.8 As a result, at its July meeting Members agreed a list of development options for further assessment during which time the project was put on hold. The options are set out in Table 3:

TABLE 3: DEVELOPMENT OPTIONS - LANDLORD'S WORKS	
Option	Description
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
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

- 1.9 Sub-options for public realm provision were also considered as per Table 4:

TABLE 4: DEVELOPMENT SUB-OPTIONS – LANDLORD'S WORKS					
Option	Cinema Shell	F&B Shell	Public Realm		
			Immediate surrounds	Public Transport	Cinema to Crown Sq
Option 2a	Yes	Yes	Yes	Yes	No
Option 2b	Yes	Yes	Yes	Yes	Yes
Option 3a	Yes	No	No	Part	No
Option 3b	Yes	No	Part	Part	No
Option 3c	Yes	No	Part	Part	Yes
Option 4a	Yes	Part	Yes	Yes	No
Option 4b	Yes	Part	Yes	Yes	Yes

- 1.10 Based on updated cost information prepared by Greenwood Projects (using, on their advice, the higher of the two most recent tenders adjusted for inflation plus an increased allowance for fees and contingency), an assessment of these options was completed by Amion and Thomas Lister. In line with the 2022 Business Case the assessment of Options 2, 3 and 4 was undertaken against the following criteria:
- Affordability to the District Council – the deliverability of works proposed under the options within existing funding allocations;
 - Investment return in respect of District Council investment only in the works to the building i.e. excluding the public realm – an assessment of the potential return based on analysis of the Net Present Value (NPV) and Internal Rate of Return (IRR);
 - Net economic benefit – the level of net additional benefits arising from public sector investment; and
 - Value for money – analysis of jobs and GVA impacts at the local level.
- 1.11 To note, some income assumptions within the financial appraisal have been updated to better reflect current economic conditions and some assumptions, e.g. projected attendance numbers based on current economic conditions, may require further testing.
- 1.12 The assessment has been prepared by the consultants as an Addendum to the Updated Business Case and is included in the Part B) exempt report (this approach being consistent with Member consideration of the full Business Case in March 2022 and to avoid prejudicing any future tender exercises / negotiations). The Addendum seeks to objectively assess the economic and financial benefits and implications of each sub-option from a public sector funding perspective. As well as re-assessing the project against the criteria in 1.10, the Addendum compares key metrics with the 2022 Business Case.
- 1.13 The draft assessment (August 2023) was presented to the Leaders of the Progressive Alliance, Ward Members and the Chair and Vice Chair of C&E Committee in September. Following presentation, officers were requested to provide additional financial and economic analysis comprising a) the balance sheet value of the building and whether impairment (a permanent reduction in the value of the asset) is reflected within the current value and b) Green Book cost benefit analysis to produce a Benefit Cost Ratio (BCR) (the ratio of the present value of benefits over the present value of costs to estimate how much benefit in pounds could be supported by £1 of public sector investment).
- 1.14 This additional analysis was received from Amion and Thomas Lister on 8 November 2023. A summary of the key points is set out below.

2. Key Issues

Project Costs & Affordability

- 2.1 The context for the project remains exceptionally challenging. Tender price inflation has resulted in value for money and the deliverability of the scheme being compromised. Greenwood Projects have commented that the UK

construction industry continues to experience supply chain issues, as a result of which “*construction costs are proving to be extremely volatile.*” Greenwood cite a combination of the impact from the: Covid-19 slow-down, Brexit, war in Ukraine and inflation as the key drivers and that in addition (and as a sustained impact of Brexit): “*the UK construction industry is experiencing an unprecedented shortage in labour*” (Aug 2023).

- 2.2 As a result, the projected costs for the full works package have increased significantly from the original cost plan, as borne out by recent tenders. The analysis indicates that, based on the increase in project costs, there is a projected funding gap above the existing maximum funding allocation under all but Options 3a and 3b. Under Options 2 and 4, the projected funding gap ranges from 22% to 38%.

Investment Return / Financial Appraisal

- 2.3 Should the funding gap be capable of being met, the financial appraisal estimates income attributed to the scheme under each of the options should exceed District Council costs over a 25 year lease term assuming updated income forecasts are achieved.
- 2.4 The updated appraisal allows for cost savings the Council may reasonably expect based on the annual maintenance liability for the building in its current vacant form. The analysis indicates the potential for a positive Net Present Value (NPV) at 3.5% for Option 2a (the figure used in the February 2022 Business Case) but a negative NPV for the other options. Forecast Internal Rate of Return shows a weakened position from the February 2022 Business Case and is marginal for Option 3.
- 2.5 Regarding the potential issue of impairment of the asset value of the building, the existing asset, comprising part of a wider land holding with the operational elements (former Market Hall, car park and surrounding land) is valued to Existing Use Value (in line with CIPFA rules) with no impairment reflected in the District Council’s accounts. The issue of impairment is further considered in the Part B) report.

Economic Impacts

- 2.6 The analysis has been revised and extended to include the new public realm sub-options. Regarding estimated economic benefits based on employment and increase in GVA – the benefits under Option 2 (2B being the previously tendered scheme) remain broadly consistent with those identified in the 2022 Business Case with circa 19 net additional FTE jobs and £4.52m net additional GVA forecast over 10 years. Economic impacts under Options 3 and 4 are reduced reflecting the reduced scope of investment.

Value for Money

- 2.7 As indicated, the updated assessment considers value for money from two perspectives:
- i) the original Business Case metrics i.e. level of net additional cumulative GVA and cost per job arising from public sector investment; AND;

- ii) Green Book compliant cost benefit analysis to produce a Benefit Cost Ratio (BCR).
- 2.8 With regard to i) changes in value for money are attributed to project cost increases confirmed through the tender process i.e. the economic benefits remain similar but projected costs have significantly increased. As a result, under all options value for money has weakened with the net public sector cost per net job higher than benchmarks for projects of this type and a reduction in economic return resulting from public sector investment.
- 2.9 Regarding ii), as the GVA approach to testing value for money does not fully capture wider impacts relating to regeneration and wellbeing effects on users, a social cost benefit analysis has also been carried out. Using the Green Book method (which considers a combination of land value uplift, cultural use value, labour supply, employment wellbeing and amenity benefits), BCR for all options, excluding Option 3C, is assessed as being *“potentially acceptable in value for money terms”* based on assessed BCR being above the minimum threshold of 1:1, the highest being Option 2A at 1.37:1.
- 2.10 The additional Green Book assessment presents a more positive value for money position than the jobs and GVA forecasts based on potential wider regenerative benefits of the scheme. This needs to be balanced with the other elements of the economic and financial assessment. To note, whilst not directly comparable schemes, the submitted Ashbourne Reborn LUF bid indicated a forecast BCR of 2.62:1 from proposed public investment, comfortably above the 1.5:1 rate previously accepted for Government funding schemes.

Wider Challenges

- 2.11 The cinema industry continues to experience challenges post Covid with the recent US screenwriters and actors strikes impacting new cinema content.
- 2.12 The trading environment for high street businesses also remains challenging, particularly in relation to impacts associated with staff recruitment and retention, high inflation, continuing increase in on-line sales and cost of living challenges for customers.
- 2.13 A further key issue is the requirement to draw down UKSPF and REPF capital funding allocated to the project totalling £218,348 in 2023/24 (UKSPF £185,015 and REPF £33,333) and £631,404 in 2024/25. This is considered further in Section 3.

3. Options Considered and Recommended Proposal

- 3.1 As a reminder, the objectives of the project, as set out in the approved February 2022 Business Case, are:
- *Creation of a new improved gateway into Matlock town centre*
 - *Re-use of the former Market Hall bringing floorspace back into economic use*

- *Support the vitality and viability of Matlock town centre as a retail and leisure destination through increasing footfall*
 - *Support the visitor and evening economies*
 - *Support economic recovery post COVID.*
- 3.2 The development options considered were previously agreed for further assessment by Members. The Part B) exempt report provides further detail, including a summary appraisal of each option using a RAG (Red, Amber, Green) rating. Key points drawn from the conclusion to the report are set out below.
- 3.3 Each option presents challenges under different elements of the assessment. Acknowledging the challenging context for delivering the scheme, Option 2 is identified as *“potentially the most advantageous option”* as it retains the integrity of the proposed scheme developed through a robust design process informed by discussions with a market operator. Whilst, based on employment and GVA forecasts, value for money has weakened beyond accepted benchmarks and the February 2022 business case, public investment would potentially achieve an *“acceptable”* BCR. However, due to the substantial increase in capital costs and current volatility in the construction market, the scheme is unaffordable.
- 3.4 Option 3 would potentially enable delivery of a reduced scheme i.e. the cinema but no food and beverage unit and only enable limited improvements to the entrance to the town centre. However, the increase in capital costs and reduction in forecast income and economic benefits would *“impact significantly on the investment return to DDDC and value for money”* based on employment and GVA. Its acceptability would also need to be tested further with the proposed cinema operator. It is noted that Option 3 would potentially require either the full or nearly the full UKSPF / REPF allocation which requires additional output / outcomes to be delivered, including improvements to the public realm. With regard to BCR forecasts, Options 3a and 3b are assessed as *“acceptable”* but only marginally exceed the minimum threshold.
- 3.5 Option 4 potentially achieves limited costs savings but is likely to be less attractive to a future operator (potentially reflected in a reduced rent). The assessment indicates this option does not offer an improved investment return and *“performs less strongly in terms of value for money”*. However, the BCR is potentially *“acceptable”*.
- 3.6 In summary, as an investment proposition the case is not strong. From a regeneration perspective, based on the Green Book approach, assessed BCR under Options 2 and 4 provides potential justification for public intervention. However, financial drivers, in particular cost, remain the issue, with the only affordable option (Option 3) marginal in value for money terms (and unacceptable under one sub-option). Due to the requirement for additional public investment to support the shell works, options would also need to be re-tested against subsidy control rules.
- 3.7 Seeking further additional funding, either from the Council or another funder is a potential option. Engagement has confirmed that the proposed cinema

operator is not in a position to contribute additional funding in the current market beyond the existing proposed commitment. Given the potential funding gap, level of Council and UKSPF funding already allocated to the project and potential subsidy implications, seeking further additional public funding is not considered a credible route to pursue.

- 3.8 On balance, following consideration of the updated economic and financial assessment, current economic climate and review by the Corporate Leadership Team, the scheme is unfortunately not considered affordable / deliverable at this point. It is therefore with regret that the view reached is that the proposed conversion of the former Market Hall comprising a two-screen cinema and food and beverage unit be deferred with a review of the position to be undertaken in approx. 18 months' time should economic conditions improve.
- 3.9 Officers wish to recognise the long-standing commitment of the proposed cinema operator to working alongside the District Council to this stage, including through Covid, to pursue a scheme for Matlock. The interest in pursuing a scheme for Matlock remains.
- 3.10 Officers also wish to acknowledge the close working and input from local partners, in particular the Matlock Community Vision Steering Group.

Phase 1 Proposal

- 3.11 Whilst re-development of the site (and achieving a financial return) has proved very challenging to deliver in the current economic climate, an initial phase of works to improve the entrance to the high street is nevertheless considered feasible.
- 3.12 As indicated in Section 2, UKSPF/REPF grant funding is at risk of being lost if a scheme cannot be progressed during 2023/24. Improving the building / entrance to the town centre has been identified as a priority. Grant cannot be used solely for enabling works to the former Market Hall without an end-use capable of delivering UKSPF outputs and outcomes. Therefore, whilst the approach regarding the former Market Hall is determined, consideration has been given to a Phase 1 package of capital works to the bus station area to improve this space for waiting bus passengers and taxi users and utilise currently redundant space without prejudicing the future re-development of the site.
- 3.13 A rapid options assessment was therefore undertaken with Lathams Architects with input from the County Council's Local Bus Team. Four options were considered, with potential variations to three, and assessed against the following deliverability criteria:
- must support original scheme objectives / enhance town centre gateway
 - capable of being delivered within existing statutory consents
 - capable of being procured and delivered in next 6 months
 - enable draw down of UKSPF capital grant / deliver outputs
 - minimise abortive spend
 - not prejudice future re-development of site.

3.14 Following presentation of the options to the Leader, Deputy Leaders and Ward Members and a site visit with the Leader and Ward Members, Option 2A was unanimously agreed as the preferred option to bring to Council:

OPTION 2A - Corner of the Bus Station to receive window openings as per the consented scheme throwing natural light into this space and improving the visibility of waiting passengers. The proposal also includes:

- painted existing brick wall (grey) to rear of the bus station
- vertical lettering to the return elevation 'Matlock'
- signage 'Buses Taxis' on the right side of the Bakewell Road elevation
- external low energy lighting to the corner elevations of the Bus Station, including luminaires to illuminate signage.

The scheme also comprises internal improvements to the space to include:

- demolition works (corner kiosk unit)
- cladding to redundant market hall doors
- re-decoration (walls, ceilings, columns and railings)
- new seating
- new low energy lighting
- real time information (DCC)
- digital summary information boards (DCC)
- CCTV (under consideration)

Public realm improvements to the area surrounding the bus station are also proposed based upon previous proposals including:

- new footway to west of bus exit
- improved pedestrian crossing point and warning signage alerting buses, taxis and delivery vehicles
- new trees, tree pits and raised planters
- cycle parking provision and ducting for E-bike charging point
- enlarged bus layby accommodated by a reduction to the existing footway (to be finished in tarmac)
- new street furniture in front of the building on existing York stone surface

An external visual of the Phase 1 proposal is shown as Figure 1:



- 3.15 It is therefore proposed that the initial Phase 1 works package to the existing bus station be progressed. The works are considered capable of being delivered within existing statutory consents, seek to minimise abortive costs and, subject to procurement (see below), could commence in early 2024.
- 3.16 Whilst, at this stage, proposals are limited to the Bus Station area, they support the original objectives to improve the town centre gateway and utilise redundant space. They will also improve this important transport hub for the town and space for bus and taxi-users. As the proposals do not comprise an alternative commercial proposition a further detailed business case has not been prepared for Phase 1. However, the investment is considered to generate worthwhile public / community benefits and signal a commitment from the Council to regenerating the site.
- 3.17 To progress a Phase 1 scheme within the grant funding window, officers have (at risk) progressed enabling activities including: preparation of an outline specification (building works) and schedule of works for each element of the scheme; updates to drawings (structural elements) and public realm plans; progressed procurement (initially of professional services with a view to engaging a framework contractor to deliver the works – further detail in Section 8). The necessary consents are also being pursued from the head leaseholder. The proposed costs (inc. contingency) and funding package for the works, reflecting appropriate partner funding contributions for specific elements, and outputs / outcomes for proposed UKSPF expenditure are being prepared in consultation with DCC. The aim is to maximise draw down of the UKSPF funding allocation in 2023/24. Proposals are due to be presented to the UKSPF Partnership Board on 7 December and a verbal update on the outcome will be provided at the Council meeting.
- 3.18 Subject to Member approval of Phase 1 proposals, procurement / appointment of a Main Contractor will be pursued. It is proposed that delivery of the public realm elements, substantially comprising works within the adopted Highway, is funded primarily by Derbyshire County Council utilising allocated capital / grant funding and delivered by their (Direct Labour), Highways Services Teams.
- 3.19 In addition to the tight timescales, a further challenge is co-ordinating any works with those planned by Severn Trent Water along Bakewell Road to continue delivery of the new water main in this location. Officers have made a number of attempts to ascertain details of the Severn Trent programme, to date without success.

Approach Moving Forward

- 3.20 Although the (wider) scheme has faced numerous challenges, partnership working with Derbyshire County Council and MCV and close engagement and support from Matlock Ward Members has been a positive feature of the work on this project. It is proposed that close working with Members continues in determining the approach regarding the former Market Hall.

- 3.21 In common with other areas / other vacant former Market Halls, early consideration has been given to potential “meanwhile” uses for the site. However, further detailed consideration is needed in this regard. It is therefore recommended that proposals for re-allocating UK Shared Prosperity Fund and Rural England Prosperity Fund capital funding allocated to the project in 2024/25 be developed for consideration by the Derbyshire Dales UKSPF Partnership Board, both for the Bakewell Road site (to note previous proposals rejected as unaffordable or otherwise unviable are not proposed to be revisited) and alternative schemes, and brought back to Members as soon as practicably possible. This process has already commenced internally under the direction of CLT with early consideration of other potential projects in Matlock.

4. Consultation

- 4.1 Leaders of the Progressive Alliance and Ward Members have been briefed on the outcome of the final options assessment and consulted in preparing the report recommendations.
- 4.2 Derbyshire County Council officers have been involved in developing the Phase 1 proposals for the bus station and surrounds.
- 4.3 An officer meeting has previously been held with the proposed cinema operator to update them on the position.
- 4.4 The Matlock Community Vision Steering Group have also been informed of the position with the project.

5. Timetable for Implementation

- 5.1 Should the report recommendations be agreed, it is proposed to commence delivery of the Phase 1 scheme in Q4 2023/24.
- 5.2 Regarding future phases / other proposals to utilise available grant funding, it is proposed to develop these in parallel and by the end of Q4 2023/24.

6. Policy Implications

- 6.1 The development of the Bakewell Road site was identified as a Corporate Plan priority under the theme of Prosperity, specifically: *‘Promoting investment to stimulate the economy of our market towns’* and COVID-19 Economic Recovery Plan. The significant increase in project costs impacting the scheme means that these objectives cannot be fulfilled in full at this stage. However, the proposed Phase 1 proposals support the first objective to deliver a new improved gateway into the town centre and second objective to bring floorspace back into use.
- 6.2 A further key policy implication is the impact on the UKSPF programme. As indicated earlier, significant capital grant funding has been earmarked for the project. The proposed Phase 1 scheme, if approved by Members, will enable part of the allocation to be drawn down.

6.3 In considering the approach to the 2024/25 UKSPF/REPF allocation, the absolute requirement for alternative proposals to be complete and fully spent by 31 March 2025 is paramount. This is a severely restricted window for capital projects. Deliverability within this timescale is an essential criterion for any proposal to merit assessment. To note, this is almost certain to exclude any capital project that requires the submission and approval of a new planning application. Other criteria relating to strategic fit with the UKSPF/REPF programme, delivery of UKSPF/REPF outputs and outcomes and value for money also remain key. However, it is important to recognise that the fundamental criterion is deliverability: for a project to be considered, there must be absolute confidence that it can be procured, constructed, completed, and expenditure claimed by March 2025.

6.4 Key questions to ask regarding deliverability include:

- Can the project be completed by March 2025?
 - Is there a clear delivery plan/programme?
- How well defined are costs and how credible?
 - Are ongoing operational costs understood?
- Are risks and constraints well understood; are any risks likely to prevent the successful completion of the project?
- Is the land / property in public sector ownership?
- Are planning issues, legal agreements, consents etc. in place?
- Will subsidy control be an issue?
- Does the proposed delivery lead have a track record, governance in place, procurement experience etc?
- Is match funding required and if so is it already in place?

6.5 A further consideration is Council capacity. Staffing levels in Economic Development and Regeneration teams are such that there is no capacity to manage a multitude of small schemes. Capacity is only available to manage a small number of (relatively) large schemes.

7. Financial and Resource Implications

7.1 A combined total of £868,737 UKSPF/REPF capital funding is currently allocated to the project with £18,985 claimed in 2022/23. The allocations for 2023/24 and 2024/25 are set out earlier in the report. Should the report recommendations be agreed, Phase 1 proposals will seek to maximise draw down of the 2023/24 UKSPF allocation. Proposals for utilising 2024/25 UKSPF/REPF funding will be developed and presented to the Derbyshire Dales UKSPF Partnership Board and a further report brought back to Members.

7.2 Regarding Phase 1 proposals, the costs of professional project management services are £25,500 plus a framework access fee of £4,000. With the agreement of the Project Management Group, the Leader of the Council was consulted to give an urgent decision to procure the necessary professional services to progress the Phase 1 scheme prior to consideration of the specific Phase 1 proposals by Council. It is proposed that these costs are claimed from the UKSPF grant allocation for 2023/34 along with works undertaken during quarter 4 should the Phase 1 scheme be approved. The

cost of the works to be delivered by the District Council under Phase 1 is subject to confirmation via the procurement process. With regard to DCC funding, it is understood that an allocation to the scheme has been made within the DCC Capital programme which includes external Government grant which needs to be expended by March 2025.

- 7.3 The District Council fee estimate for the project in the February 2022 cost plan was £92,226. Inclusive of additional work required (including the re-tendering exercise, external legal support and further work on development options), fees have increased. An update on the position will be provided at the meeting. Fee expenditure has been met from a combination of the agreed Capital Programme allocation to the project, Economic Development revenue budget and UK Shared Prosperity Fund allocation. To note, should no works proceed on the project, capitalised spend to date would be re-classified as revenue and be required to be met from revenue funds.
- 7.4 The potential implications for the UKSPF programme, which requires all expenditure to be completed and claimed by 31 March 2025, means the financial risk is assessed as High. Costs associated with the ongoing maintenance of the (vacant) Market Hall also need to be met. To note, budgetary provision has previously been made within the Council's revenue budget to cover basic maintenance and services costs.
- 7.5 With regard to resource implications, a review of alternative options for the site may necessitate further support from external consultants, the costs of which will need to be determined.

8. Legal Advice and Implications

- 8.1 Procurement of both professional services and works to deliver Phase 1 proposals are proposed via the Pagabo Framework. The Council has successfully adopted this approach on a number of recent capital projects and procurements including: Hall Leys Park Clock Tower Shelter; Ashbourne Bridge; Matlock Bath Shelter and the Town Hall windows.
- 8.2 The Council has an agreement in place with Atkins Realis for professional project management / QS services. Due to the constrained timescales for delivering works and drawing down grant funding, officers have utilised this contract to procure the professional support and capacity required to progress the Phase 1 scheme.
- 8.3 With regard to Phase 1 Main Contractor procurement, on the advice of the Project Manager and again due the constrained timescales, a direct award via the Pagabo Refit and Refurbishment Framework is proposed. The appointment of a Main Contractor is subject Council approval of Phase 1 proposals.
- 8.4 Head leaseholder consent is required to implement the proposed Phase 1 building works and this is being pursued by the Council's Legal team.
- 8.5 A further important consideration is the position regarding public subsidy. As the proposed Phase 1 works are not considered to comprise economic

activity, the provision of public funding is not considered to constitute a subsidy. However, an updated subsidy assessment will need to be undertaken on future proposals for the former Market Hall.

- 8.6 The legal risk of a challenge when taking the 8 decisions as recommended has been assessed as low.

9. Equalities Implications

- 9.1 With regard to the proposed Phase 1 works, should the Phase 1 proposals be approved the previous Equality Impact Assessment for the scheme will be reviewed and updated prior to proposals being finalised. On initial review, anticipated changes requiring consideration relate to the provision of new seating and information for bus passengers.

10. Climate Change Implications

- 10.1 The climate change impacts for the scheme as a whole were considered in detail through the planning application, including completion of the Climate Change SPD checklist.

The amended Phase 1 proposals focus on part of the site and seek to enhance the environment and provision for waiting bus and taxi-users within the town centre. Due consideration has been given to the sustainable travel hierarchy and improvements including cycle parking provision which is retained within the proposals. The Phase 1 proposals seek to utilise existing redundant space and low energy lighting is proposed within both internal and external areas.

- 10.2 An updated climate change assessment is likely to be required subject to future proposals for the former Market Hall to assess the implications of any significant changes to the project.

11. Risk Management

- 11.1 The July report highlighted potential risks related to the wider project including: delivering the project in the current economic climate; the impact of further delay; impact of a reduced scheme on the original business case and retaining interest from the proposed cinema operator.
- 11.2 Should the report recommendations be agreed, the principal risks are considered as follows:

Risk	Reason	Risk Type	Mitigation	Owner
Council objectives not delivered in full	Costs prohibitive to delivery of wider scheme at this time	Reputational	Implement initial Phase 1 scheme to improve town centre gateway and bus station	PMG

Market Hall remains vacant	Costs prohibitive to delivery of wider scheme at this time	Reputational / Financial	Consider Phase 2 concurrent to Phase 1 delivery	PMG
Risk of UKSPF capital allocation not being fully drawn down by March 2025	Costs prohibitive to delivery of wider scheme at this time	Reputational / Financial	Implement initial Phase 1 scheme committing 2023/24 UKSPF funding allocation. Consult UKSPF Partnership Board / Members on Phase 2 / other proposals for capital spend	Regeneration & Place team / PMG / CLT
Securing head-leaseholder consent for Phase 1 works	Necessary for structural works to building	Delivery	Minor works in comparison to wider scheme. (being pursued by DDDC Legal)	PMG
Co-ordinating with proposed Severn Trent Water works along Bakewell Road	Potential impact on programme for public realm works	Delivery	Detailed works programme sought from STW by DCC	PMG / DCC

- 11.3 A further report regarding proposals beyond Phase 1 will be brought back to Members for consideration at the earliest opportunity.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	05/12/2023
Director of Resources/ S.151 Officer	Karen Henriksen	05/12/2023
Monitoring Officer (or Legal Services Manager)	Helen Mitchell	6/12/2023