



Report sponsor: Strategic Director of  
Communities and Place  
Report author: Regeneration and Major Projects  
and Property Design and Technical Services

## **Market Hall Transformation**

### **Purpose**

- 1.1 The purpose of this report is to seek Cabinet approval to the vision and brief for the new Market Hall and seek authority to take the necessary steps to deliver the internal transformation (Phase 2) to create a vibrant, high quality, flexible market, appealing to a diverse customer base.
- 1.2 The report also sets out the progress made on the delivery of Phase 1 of the transformation works (roof improvements).
- 1.3 To note the implementation of the complete package of works associated with the internal transformation is conditional upon securing Future High Street Fund monies. Work is progressing on the future operating model and if required, a report will be brought back to Cabinet to consider any financial implications.

### **Recommendations**

- 2.1 To approve the vision and project brief for the transformation of the Market Hall outlined in sections 4.4- 4.8 and appendix 1.
- 2.2 To increase the 2020/21 – 2022/23 corporate capital programme for the Market Hall Transformation project as set out in the confidential report, subject to a successful Future High Street Fund award.
- 2.3 To approve the delivery of the Phase 2 transformation works in line with the project brief as described in paragraph 4.7, 4.8 and appendix 1, subject to the approval of Future High Street Fund.
- 2.4 To delegate authority to Strategic Director of Communities and Place following consultation with the Cabinet Member for Regeneration and Public Protection and the Director of Financial Services for undertaking all the actions necessary to deliver the proposed project.
- 2.5 To delegate authority to the Strategic Director of Communities and Place following consultation with the Cabinet Member for Regeneration and Public Protection, the Cabinet Member for Governance and Licensing and the Director of Financial Services for the submission of external funding bids and to enter into associated funding agreements as outlined in section 7.2, to deliver the transformation of the Market Hall.

- 2.6 To delegate authority to the Strategic Director for Communities and Place, following consultation with the Cabinet Member for Regeneration and Public Protection and the Director of Financial Services to pursue the optimum operating model for the Council.

### **Reason(s)**

- 3.1 To deliver a key regeneration priority and contribute to the delivery of the City Centre Masterplan.
- 3.2 To agree the vision that underpins the Market Hall transformation.
- 3.3 To evidence Council commitment to the project as part of the Future High Street Fund business case.

### **Supporting information**

#### **Background**

- 4.1 The Market Hall is a unique Grade II listed building located in Derby's Cathedral Quarter, constructed in 1856, with an impressive cast iron and glass barrel-vaulted roof. Common with many markets across the country, the Market Hall has been impacted by the challenging retail environment resulting from changes in the way we shop and use the high street which has led to declining footfall and increasing vacancies.
- 4.2 The transformation of the Market Hall is a priority project within the City Centre Masterplan 2030. A successful market will contribute to the vibrancy of the city centre supporting the Masterplan theme: 'City of Choice'. The building is important to the heritage and image of the city. In recent years the building has suffered from lack of investment and the roof requires major refurbishment. The internal configuration of the Market Hall restricts the flexibility and use of the space, making it difficult for the market to adapt to the changing retail environment.
- 4.3 Previous Cabinet approvals in September 2017 and January 2018 approved a budget of £11.18m, added to the capital programme to deliver the transformation of the Market Hall through two phases of works:
- Phase 1 – To carry out improvement works to provide a safe, maintainable roof structure with a lifespan of 30 years.
  - Phase 2 – To carry out transformational works to create a new stronger market offer that is economically sustainable.

## **Vision and project brief**

4.4 Phase 1 is forecast to be delivered within the £11.18m budget envelope, alongside small scale internal reconfiguration works. The Government's Future High Street Fund gives us an opportunity to deliver a more ambitious transformation. The Council has been working with market experts who have identified where we can invest in the transformation of the Market Hall to create a successful retail and leisure destination that attracts a greater range and number of customers. The new Market Hall aims to be a flexible and accessible space and open up routes through the Market Hall, connecting the market with the surrounding streets and opening up the market to create vibrancy within the city centre.

### **4.5 Vision**

The new Market Hall will be a vibrant, high quality and flexible market at the heart of the city centre appealing to a diverse customer base. The Council will create a new exciting destination for the city centre in line with the City Centre Masterplan.

4.6 The vision has been translated into a project brief which aims to create a new offer within the Market Hall, through a programme of internal works to deliver more accessible and flexible space that can accommodate a range of different uses including traditional and themed markets, events, one off or pop up uses and small performances with a greater emphasis on food & drink. It is proposed to pilot our Make and Trade Zone in a hub on the upper floor. The ambition is to set the new offer within the historic Market Hall, designed to make best use of its historical features with greater connectivity to surrounding streets through improved visibility from street level, open views through the Market Hall and enhanced, more obvious entrances.

### **4.7 Project brief**

Working with experts the Council has produced a detailed brief for the Market Hall that is summarised in appendix 1. The objective of the project is to transform the Market Hall to;

- Create a key destination incorporating the best of traditional and modern markets that contributes to the vibrancy of the city centre and celebrates the features of this important historic building.
- Accommodate a high quality food and drink offer, with an emphasis on street food but with the flexibility to adapt to future trends.
- Create better connections with surrounding streets to make the market more visible and open up the market as a key route linking into, the Market Place and the Cathedral Quarter.
- Create vibrancy within and around the Market Hall everyday, all day and into the evening, meeting aspirations for the night time economy.
- Add to the economic, social and cultural wellbeing of the City Centre.
- To attract a more diverse customer base and higher levels of footfall. Create a safe, maintainable, inclusive and accessible building with at least a 30 year life, to host a vibrant new offer

- 4.8 The project brief is set out in appendix 1 and responds to the vision agreed by internal and external stakeholders with input from teams across the Council.

### **Progress**

- 4.9 In October 2017 consultants were appointed to design and install the scaffolding and undertake the detailed surveys necessary to identify the scope of improvements required to extend the life of the roof by 30 years. This work has now been completed and construction work has started.
- 4.10 Market experts from the National Association of British Market Authorities (Market Place Management) have been appointed to develop proposals for the new Market Hall. This includes: a vision for the new Market Hall, input to the detailed design of Phase 2 and an options assessment and advice for the future operation of the market. This work has informed the project brief set out in this report.
- 4.11 In April 2020 Wates were appointed through the Scape framework.
- 4.12 A phase 1a package of early building / roof improvements including upgrading of stone and brick work commenced in January and are being delivered by Wates. These works do not require Listed Building Consent. Planning approval and Listed Building Consent for Phase 1b was approved on 14 April 2020. Phase 2, internal and external areas, is currently at RIBA Stage 3 'developed' design.

### **Delivery**

- 4.13 Programme  
The indicative programme dates detailed below are based on RIBA Stage 4 report for Phase 1 and RIBA Stage 2 report for Phase 2 prepared by Perfect Circle and are subject to change as the project develops and greater certainty is achieved.
- 4.14 Covid-19 is expected to have implications on the construction programme and costs of the Market Hall project. While the contractor has been able to implement social distancing measures and keep the site open for Phase 1 construction, shortages within the supply chain and less efficient working practices as a result of Covid-19 restrictions have been identified as risks by the contractor. Work is underway with the contractor to establish a more detailed understanding of the position. The programme is under review.
- 4.15 The main roof improvements including new glazing, copper roof replacement and a new ventilated ridge system are programmed to start in Spring 2020.
- 4.16 Stage 3 design for Phase 2 is programmed for completion in Winter 2020 with technical detailed design (RIBA Stage 4) currently programmed for completion in Summer 2021. Detailed design will confirm the full scope of Phase 2 and detailed costs. A delivery programme for Phase 1 and 2 has been prepared and the indicative key programme dates are set out in Appendix 2. The programme for Phase 2 is subject to completion of Phase 1 and scaffolding being removed from site by the end of 2021. This date could however be impacted by ongoing COVID 19 implications.

4.17 Future operation

The council is considering options for the future operational structure for the Market Hall with consultants Market Place Management providing expert advice.

- 4.18 The successful future operation of the Market Hall will require a robust business model backed by an effective marketing and promotion strategy to clearly define the vision for the Market Hall retain key anchor traders, attract new traders and new visitors to the market.

**Next steps**

- 4.19 The next steps to deliver the Market Hall Transformation are summarised below:
1. Submit final FHSF business case - June 2020
  2. Complete options assessment and report to the Major Property Project Board to consider options for the arrangements for Traders while the Phase 2 works are delivered - Autumn 2020.
  3. Complete options assessment for the future operating model for the Market Hall, develop financial case and assess financial implications for the Council - Autumn 2020
  4. Complete RIBA Stage 3 design for Phase 2 and progress RIBA Stage 4 - Winter 2020

**Major project risks**

- 4.20 A risk register is in place for the project which is managed by the Project Manager and regularly updated and reported to the Project Delivery Team. The risk register will continue to be updated and monitored throughout the lifetime of the project. The key project risks are summarised in Appendix 3

**Governance**

- 4.21 The Market Hall project will be managed by the Major Property Projects (City Centre) Board in accordance with that Board's terms of reference, with a Project Delivery Team meeting regularly to undertake the day to day management.

**Stakeholder engagement**

- 5.1 A variety of stakeholder engagement has taken place regularly throughout the project with a number of external and internal stakeholders being involved to help inform the project. As the project progresses stakeholder engagement will continue to take place.

## **Other options**

- 6.1 There are three options considered to deliver the project:

### Option 1 – Roof improvements

Undertake the necessary roof improvements only, no internal transformation works are undertaken and the Market Hall continues to operate business as usual. This option has been discounted as it will not deliver the transformational elements of the project.

### Option 2 - Phase delivery approach

Seek alternative external funding to deliver the project through a phased approach. This option has been discounted as it will not deliver the transformation impact on the city centre.

### Option 3 – Transformation of the Market Hall

Undertake the required roof improvements and also deliver the transformation of the Market Hall to create a vibrant, high quality and flexible market that can respond to the changing retail market and attract a more diverse customer base. This is the preferred delivery option as the project will: create a new flexible market with a more dynamic offer and a wider range of products appealing to a more diverse customer base.

## **Financial and value for money issues**

### **Capital position**

- 7.1 The Capital Programme has an approved budget of £11.18m to deliver the Phase 1 essential works for the Market Hall. This is expected to be sufficient to cover Phase 1 in its entirety and to design Phase 2 of the project to RIBA Stage 4. Phase 2 can not be delivered within this budget. The Phase 2 transformation is planned around securing external funding through the Future High Street Fund, the level of funding sought is set out in the confidential report. The bid will be submitted by 5 June and the Government will determine applications later in the year. In the event this funding stream is not forthcoming, then the Council will look to other forms of funding (which are being considered now, (some details below) to secure the transformation phase of the project.
- 7.2 A number of different external funding opportunities are being explored, including the National Heritage Lottery Fund and Arts Council.

### **Revenue operating costs**

- 7.3 Work is on-going to consider options for the future operational structure for the new Market and develop an operating model. This will incorporate marketing, maintenance, business development, and support and events management costs.

## Legal implications

- 8.1 Legal Services will review and consider the implications for the Council of funding conditions associated with external funding awards. External legal advice has been sought and will be obtained as necessary in respect of the contractual arrangements with the Council's contractors.

## Other significant implications

### Property implications

- 9.1 The final detail and cost of phase 2 will be in part dependent on any operational requirements and any unforeseeable matters from the completion of Phase 1 works.

### Equalities impact

- 9.2 An inclusive design expert has been engaged to advise on the RIBA Stage 2 design for Phase 2 and delivers training to the design team on a pro-inclusivity approach to design. This consultant has also participated in an Equalities Impact Assessment early in the design process, which will be repeated as the project progresses.

### 9.3 Sustainability

A low carbon and energy specialist has been commissioned by the Council to advise and input into the design process. The key focus for input is on energy efficiency, energy collection and electric vehicle infrastructure and the appropriate time, working alongside colleagues in Traffic and Transportation.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	1 May 2020
Finance	Simon Riley	1 May 2020
Service Director(s)	Steve Caplan	1 May 2020
	Greg Jennings	1 May 2020
Report sponsor	Rachel North	1 May 2020
Other(s)		

#### Background papers:

#### List of appendices:

Appendix 1 - Summary of the Market Hall project brief.  
Appendix 2 - Indicative key programme dates  
Appendix 3 - Major project risks

## **Appendix 1**

### **Summary of the Market Hall project brief**

#### **Phase 1 - Roof improvements**

The building condition survey and concept design works conclude the following works are required to deliver the brief:

- Improvement works to provide a safe, maintainable and cleanable roof for at least 30 years
- New ventilation to the existing roof ridge to account for the new food and drink offer, by replacing the defective smoke vents
- Replace the roof copper with a non-patenated finish, on both the main roof and pitched roof to Osnabruck Square, leaving the current non-patenated areas untouched. Replace mono-pitch roof and lead finishes to flat roof.
- Brick, mortar and stone necessary improvements at high and low levels
- New surface water drainage to the inside and outside of building Roof space re-decoration to cast iron and timber areas, including steelwork structural bracing and general timber improvements
- Structural improvements to replace steel and timber members which were removed during the refurbishment that took place in the early 80s
- Work to allow access for a suitable vehicular mobile platform to give safe access to the roof structure for cleaning and improvements. These alterations would also allow for other vehicles, such as Street Food vendors to access the inside of the market Hall (subject to further risk assessments being undertaken).

#### **Phase 2 - Internal transformation**

##### **Ground floor**

- Removal of stalls and plinths on the ground floor to create an open flexible space which can be multi-use areas to the north and a traditional trading area to the south.
- A new level floor across the entire ground floor.
- New freestanding stalls, with wider aisles and improved sight-lines through the building.
- Refurbishment of the existing units to the periphery of the building to accommodate flexible uses.
- Allowance for a minimum stall fit out with provision for enhanced or specialist fit out as required, currently included in the risk contingency of Phase 2.
- Refurbished toilet facilities throughout with new facilities on the ground floor alongside baby changing and changing places facilities.
- Relocation of office management to the ground floor.
- Re-location of the lift and stairwell to the northern and southern entrances to improve sight lines, visibility of the market from the Osnabruck Square entrance and deliver better circulation and accessibility.
- Creation of a new grand central staircase located towards the northern end of the market.
- Creation of a new accessible entrance from Corporation Street and improvements to the Osnabruck Square, Lockup Yard and Guildhall Entrances.
- External public realm improvements at Market Hall entrances to connect the building to the city centre and define the key connection from intu to the Market Place and the Cathedral Quarter.



- Functional and creative lighting
- Consideration of music/sound system equipment, subject to costs.

All the above suggestions will be subject to the statutory planning process and listed building consent.

#### Services

- The capacity of the existing services will be reviewed and increased if necessary, subject to a full and detailed condition survey, to cope with the wider range of uses and the increased emphasis on food & drink.
- Options to provide flexibility, one being that there could be a below floor level 'service grid.'
- Note that the works to the roof (i.e.: Phase 1) will include improved ventilation works to ensure the building functions well for an enhanced food and drink offer, and within set limits. Constraints must be 'rolled out' as part of all new leasing arrangements.
- Digital services for businesses and customers, subject to funding.
- Best practice evacuation facilities and processes.

#### Storage/Service area

- Occasional vehicular access the interior of the building to undertake maintenance and cleaning and also as part of the market offer. The vehicle used must be sufficient to reach the barrel roof and its components, so at least one entrance will allow for this.
- Create storage arrangements most suited to the new and transformed market offer.

#### First floor

- Revitalised first floor, retaining key historical features and a flexible design to enable the space to be occupied by a range of uses which could include a restaurant and micro-brewery.
- Refurbished toilet facilities including new accessible toilets
- Functional and decorative lighting
- Storage space to suit the agreed scope.
- Make and Trade units, usage constrained by the ventilated ridge.

## Appendix 2

### Indicative key programme dates

Key Milestones	Start	Complete
<u>Phase 1</u>		
Planning and Listed Building Consent	Dec 19	April 20
Package of early improvement works	Jan 20	May 20
RIBA Stage 5 Construction (main roof improvement works; includes the removal of scaffold)	May 20	Dec 21
<u>*Phase 2</u>		
RIBA Stage 3 developed design	Spring 20	Winter 20
RIBA Stage 4 technical detailed design	Spring 21	Summer 21
Planning and Listed Building Consent (application to determination)	Autumn 20	Spring 21
Future High Street Fund decision	Late 2020	
Enter into construction contracts	Spring 21	Spring 21
Construction	Spring 21	Spring23

\*The programme for Phase 2 is subject to completion of Phase 1 and scaffolding being removed from site by the end of 2021. This date could however be impacted by the ongoing COVID 19 implications.

## Appendix 3

### Major project risks

Risk	Risk after mitigation
1. Impact of Covid-19 on the construction sector leads to delay to the programme and increased costs	<ul style="list-style-type: none"> <li>- Work is underway with the contractor to understand the potential implications of Covid-19 on the construction programme and cost for the project.</li> </ul>
2. Insufficient information on the specification for Phase 1 provided to Wates in order to fully price the works results in unforeseen cost increases.	<ul style="list-style-type: none"> <li>- The specification for Phase 1 will be reviewed and some works may be postponed.</li> <li>- Fixed priced contract is desirable.</li> <li>- There may be further unknown costs once works commence on site.</li> </ul>
3. Delay to the Phase 1 delivery programme causes delay to the removal of scaffolding and impact on the project cost and delivery programme for Phase 2.	<ul style="list-style-type: none"> <li>- Structural and condition surveys are now complete and have informed the preparation of the Phase 1 delivery programme.</li> <li>- Phase 1 detailed delivery programme prepared by Perfect Circle which is regularly reviewed by the design team. Indicative combined programme for Phase 1 and 2 has been prepared by the contractor.</li> <li>- Risk contingency built into the Phase 1 and Phase 2 cost plan.</li> </ul>
4. Phase 2 cost estimate increase during detailed design	<ul style="list-style-type: none"> <li>- Greater cost certainty achieved as the project is developed through the RIBA Stages. Phase 2 is currently at Stage 2 and Stage 3 is programme for completion in August 2020. There is a level of financial risk that will need to be managed until the contract is in place for the works.</li> <li>- RIBA Stage 3 and 4 will be tightly managed to focus on the project brief. A system to highlight at an early stage cost developments as a result of detail design decisions has been implemented.</li> <li>- Risk contingency built into the Phase 2 cost plan.</li> </ul>
5. The programme may take longer to complete than anticipated.	<ul style="list-style-type: none"> <li>- The delivery programme prepared for the project is based on advice from the consultant team engaged to undertake the project informed by the structural and condition roof surveys completed.</li> </ul>

	<p>The programme will be continually reviewed by the Project Delivery Team as the project progresses to ensure that design and construction phases of work remain focused and driven.</p> <ul style="list-style-type: none"> <li>- Greater programme certainty as the project is developed.</li> </ul>
6. Future High Street Fund Funding is not secured to deliver the Market Hall Transformation	<ul style="list-style-type: none"> <li>- A draft business case for FHSF has been prepared and submitted to MHCLG for comment.</li> <li>- The Delivery Team are contributing to the Market Hall element of the final business which will be submitted by 5 June 2020.</li> <li>- Consultant team in place to support the development of the business and complete a value for money assessment for FHSF.</li> </ul>
7. Abortive design costs if FHSF is not secured and Phase 2 cannot be delivered	<ul style="list-style-type: none"> <li>- To note the financial risk of abortive costs if the FHSF business case is not successful.</li> </ul>
8. Future operating model has revenue implications	<ul style="list-style-type: none"> <li>- Market Place Management has been commissioned to undertake an options assessment and develop a future operating model for the new Market Hall.</li> <li>- Financial implications will be built into the financial business case for the project and if required will be reported to a future Cabinet meeting.</li> </ul>