

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

24 April 2008

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport - Lead Cabinet Member - Councillor Cook

Redevelopment of The Shambles Market Hall, Stockton High Street

1. Summary

The Shambles is a Grade II listed building within the historic environment of Stockton High Street. It was originally built to house an indoor fresh produce market. As legislation and business requirements changed, the market traders which it formerly housed were moved in the 1970s to the then newly built and modern Spencer Hall, in the central atrium of the Castlegate Shopping Centre. At the end of the 20th century the building was redeveloped and now houses small kiosk units, together with a small central office block for the Markets Service housing a cash collection facility, and award winning public toilets.

Today, the units are too small for many types of business and no longer suitable for fresh produce. The central markets office blocks the sightlines inside the building, making it seem unfriendly and the un-let units serve to add to the impression that very little to attract the shopper is contained within.

PROPOSAL

It is proposed to return the building to its former use as a permanent indoor market selling fresh produce but with adaptations that make it fit for this purpose in the 21st century. To ensure that the facility creates a vibrant addition to the existing mix, it is proposed to attract into the new building high quality, specialist and niche food retailers including organic and fair trade goods and local produce. In order to undertake the development, there is a requirement for the Council to borrow monies to supplement existing funds to be repaid from the rental income stream. The proposal has been endorsed by Capital Strategy Group.

2. Recommendations

1. That Cabinet approve the proposal for redevelopment.
2. That Members approve a sum of £180,000 of prudential borrowing to enable the development to take place.

3. Reasons for the Recommendations/Decision(s)

Capital remaining from the markets redevelopment programme approved by Council totalling £91,000 have been earmarked to undertake this development. Prudential borrowing is required which will allow the project to go ahead. This has been agreed by Capital Strategy Group and endorsed as the best option to obtain the additional funding.

The redevelopment will increase the value of the asset which will remain in the ownership of the Council. In addition, the new configuration will make the building a more attractive business option allowing an increase in rental income to be realised.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

AGENDA ITEM

REPORT TO CABINET

24 April 2008

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Redevelopment of The Shambles Market Hall, Stockton High Street

SUMMARY

The Shambles is a Grade II listed building within the historic environment of Stockton High Street. It was originally built to house an indoor fresh produce market. As legislation and business requirements changed, the market traders which it formerly housed were moved in the 1970s to the then newly built and modern Spencer Hall, in the central atrium of the Castlegate Shopping Centre. At the end of the 20th century the building was redeveloped and now houses small kiosk units, together with a small central office block for the Markets Service housing a cash collection facility, and award winning public toilets.

Today, the units are too small for many types of business and no longer suitable for fresh produce. The central markets office blocks the sightlines inside the building, making it seem unfriendly and the un-let units serve to add to the impression that very little to attract the shopper is contained within.

PROPOSAL

It is proposed to return the building to its former use as a permanent indoor market selling fresh produce but with adaptations that make it fit for this purpose in the 21st century. To ensure that the facility creates a vibrant addition to the existing mix, it is proposed to attract into the new building high quality, specialist and niche food retailers including organic and fair trade goods and local produce. In order to undertake the development, there is a requirement for the Council to borrow monies to supplement existing funds to be repaid from the rental income stream. The proposal has been endorsed by Capital Strategy Group.

RECOMMENDATIONS

1. That Cabinet approve the proposal for redevelopment.
2. That Members approve a sum of £180,000 of prudential borrowing to enable the development to take place.

DETAIL

1. OVERVIEW

The Shambles is a Grade II listed building within the historic environment of Stockton High Street. It was originally built to house an indoor fresh produce market. As legislation and business requirements changed, the market traders which it formerly housed were moved in the 1970s to the then newly built and modern Spencer Hall, in the central atrium of the Castlegate Shopping Centre. At the end of the 20th century the building was redeveloped and now houses small kiosk units, together with a small central office block for the Markets Service housing a cash collection facility, and award winning public toilets. Today, the units are too small for many types of business

and no longer suitable for fresh produce. The central markets office blocks the sightlines inside the building, making it seem unfriendly and the un-let units serve to add to the impression that very little to attract the shopper is contained within.

2. PROPOSAL

It is proposed to return the building to its former use as a permanent indoor market selling fresh produce but with adaptations that make it fit for this purpose in the 21st century. To ensure that the facility creates a vibrant addition to the existing mix, it is proposed to attract into the new building high quality, specialist and niche food retailers including organic and fair trade goods and local produce. In order to undertake the development, there is a requirement for the Council to borrow monies to supplement existing funds. Capital Strategy Group has endorsed the proposal.

3. LAYOUT

A floor plan and elevation are attached at Appendices A & B showing the proposed redevelopment of the building, from which it can be seen that

- The central blockage created by the markets office is removed, returning this to the main thoroughfare;
- The existing units are doubled in depth, with a sales area to the front and a storage/preparation area to the rear, making them more commercially viable;
- Each unit has its own metered supply of mains services;
- The cash office facility is retained but relocated;
- The award winning toilets are not compromised and will still be serviced by a warden;
- Each unit is flexible in its usage and several can be joined together if required to accommodate a larger business.

As can be seen on the plans, the new development incorporates a cash office at the south end of the building which will be used to collect rents on market days. This will be constructed first, allowing the existing cash office to be demolished without interrupting the secure operation of the markets.

4. MANAGEMENT

Following the redevelopment, it is proposed that the Town Centre Management and Markets Service will take over management of this facility and will collect rents, which will accrue to the Markets service. Appropriate controls will be put in place to ensure that the new occupants operate in accordance with the Council's aspirations for the building, with regular inspections to ensure compliance with Environmental Health regulations and Trading Standards legislation and more general rules for occupation enforceable via the terms of lease and appropriate conditions thereto.

5. SIGNAGE

It is proposed that new, high quality appropriate signage will be designed and erected on or adjacent to the building, identifying The Shambles as an indoor market and the 'hub' of the newly renovated outdoor market, known as The Queen of the North. This will be designed and produced in accordance with the regulations regarding listed buildings, and will be agreed in advance with the Planning Conservation officer, who sits on the steering group.

6. PLANNING

It has been established that planning permission is not required to undertake the development. Listed building consent is also not required and indeed the proposals reinstate, rather than remove, intrinsic features of the building by returning it to its original purpose. Building Regulations approval is required and will be submitted by SBC architects when necessary.

7. MARKETING

There is a requirement for a highly proactive marketing campaign to raise awareness of the changes and to recruit new traders that fit with the profile described above to fulfil the Council's aspirations for the new-look market hall. This is already underway to secure tenants for the completed building. A range of methods are being employed including , web and magazine advertising, and a highly targeted telesales marketing campaign to secure interest from targeted businesses in the region. This has already produced some keen interest at the time of writing.

8. FINANCIAL IMPLICATIONS

Capital remaining from the markets redevelopment programme approved by Council totalling £91,000 have been earmarked to undertake this development. Further Prudential borrowing of £180,000 is required which will allow the project to go ahead. Prudential borrowing will be funded over a 10 year repayment period via projected increased income due to the rental uplift achievable post-redevelopment.

Income & Expenditure

	Current	Forecast
Rents	- £35 000	- £60 500
Service charge	- £ 3 500	- £3 500
Expenditure general	£23 993	£26 443
Repayment of Prudential Borrowing	Nil	£23,050
Surplus	- £14 507	- £14 507

The new build needs to achieve approximately 75% occupancy to cover outgoings and Prudential borrowing repayments.

9. LEGAL IMPLICATIONS

The Shambles has a number of existing tenants who were occupying either under agreements which have expired (holding over) or under licence. These tenants were served notice under the Landlord and Tenant Act, requiring them to vacate the premises within 6 months of the date of the notice. Notice was served on 01/12/2007 and tenants will be required to vacate by 31/05/2008. In addition, one tenant has an unexpired contract and provision will be made for this business to remain following redevelopment. Two of the businesses given notice have expressed an interest in returning subject to agreement that their product is suitable for the new retail mix. All occupants post-development will be given a fixed term lease, the term of which will be agreed with individual tenants. This will be contracted out of the Landlord and Tenant Act.

10. RISK ASSESSMENT

The project is identified as low to medium risk. Highest risk score against all categories after action = 4.

Risk assessment available for inspection if required via lead officer.

11. COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport

The project forms part of the Regeneration Action Plan for Stockton town centre. It fits with the Council's regeneration priority to revitalise the town centre. The building is one of only a small number in the town centre owned by the Council and this project therefore represents a rare opportunity to directly stimulate investment and economic growth.

In addition, the new units will be of a size and cost suitable for new business start ups thereby supporting the development of opportunities for local people.

Healthier Communities and Adults

The purpose of the redevelopment is to bring the building back to its former use as a place to buy good quality fresh produce, six days a week, thereby supporting the healthier living agenda, and the Government 5-a-day initiative.

The intention is to attract local producers to take the newly renovated units in the Shambles thereby reducing food miles, supporting local producers and raising the profile of local produce in an urban area. Organic and fair trade produce will be encouraged.

Liveability

This project will:

- a) Promote green procurement
- b) Include sustainable waste management including recycling
- c) Redevelop an existing asset rather than building new, bringing it up to date to comply with standards for DDA compliance and energy use.

Community Safety

The following implications will be considered in terms of their implication for community safety during the design and specification of this redevelopment. This function will be led by SBC Architects.

- a) Quality of exterior finishes/level of specification for any exposed elements which are likely to be the subject to vandalism/criminal damage,
- b) Use of alarms, quality of doors and windows and their 'furniture'
- c) Layout
- d) Lighting levels
- e) CCTV coverage

12. EQUALITIES IMPACT ASSESSMENT

An Equalities Impact Assessment has been carried out. This project scored 74.

13. CONSULTATION INCLUDING WARD/COUNCILLORS

Market Traders, Town Centre Retailers and Ward Councillors:

1. Ward Councillors

Councillors Coleman and Kirton have been consulted on the proposals.

2. All Councillors

All Councillors will be consulted on the proposals.

3. Market Traders

The proposals have been presented and discussed at the Markets Forum, and promoted via the national market traders' publication, Market Trader News.

4. Local Business Community

The proposals have been presented to the Retail Forum and local businesses invited to take up the opportunities on offer.

The proposals have also been promoted via a newsletter which goes to 500 town centre businesses.

5. The community

The proposals have been outlined in Stockton News and Stockton Sparkles magazines, both of which go to all households in Stockton Borough, and comment invited.

6. Wider publicity

The proposed development is advertised on the Stockton Council website and feedback invited.

Working with the Regional Food Group, Northumbria Larder, proposals have been advertised to local producers across the North East.

6. Planning Authority

Stockton Council Planning Services (Heritage Officer, Building Control) have been consulted.

An Officer Steering Group has been set up to oversee this development and to ensure that all planning, legal, Health and Safety and design requirements are dealt with appropriately.

Name of Contact Officer: Sue Burgess
Post Title: Town Centre & Markets Service Manager
Telephone No. 01642 527569
Email Address: sue.burgess@stockton.gov.uk

Background Papers

Stockton Town Centre Action Plan

Ward(s) and Ward Councillors:

Town Centre Ward:
Cllr D Coleman
Cllr P Kirton

Property

The property will remain in the ownership of the Council. In addition, the new configuration will make the building a more attractive business option allowing an increase in rental income to be realised. The proposal has been endorsed by Capital Strategy Group.