

**CABINET
9 JULY 2019**

REDEVELOPMENT OF THE VICTORIAN INDOOR MARKET

**Responsible Cabinet Member – Councillor Alan Marshall
Economy and Regeneration Portfolio**

**Responsible Director – Ian Williams
Director of Economic Growth and Neighbourhood Services**

SUMMARY REPORT

Purpose of the Report

1. To gain Cabinet approval for the allocation of funds for the redevelopment of Darlington Victorian Indoor Market.

Summary

2. In 2017 the Council entered a partnership agreement with Market Asset Management Ltd (MAM) for the management, refurbishment of the Victorian Indoor Market and the management and improvement of Darlington's outdoor market.
3. The overall aim of the partnership was to ensure that both markets functioned in a more efficient manner, capital improvements to the Indoor Market with an enhancement in the quality of the merchandise sold from the stalls and an increase in footfall. As part of the partnership agreement MAM are obliged and committed to invest £1,500,000 (plus VAT) in repairs to the roof and structure of the building and improvements to the mechanical and electrical supplies, ventilation and heating system. In addition, the initial investment plan would see the development of an 'Enterprise Haven' for start-up businesses and deliver overall improvements in the quality of the shopping experience.
4. Since the commencement of the partnership, officers have worked closely with representative of MAM to ensure the necessary works will be delivered in a timely fashion. Most of the activity carried out so far has been preparatory work with the current tenants to ensure they appreciate what work is being proposed and that robust legal arrangements for their tenancies are in place.
5. Notwithstanding to the above proposals further developments have also been discussed in regards additional works being carried out which includes the building of a winter garden on the east facing side of the market hall and the inclusion of a more extensive food and beverage offer in the market vaults area of the building. These additional proposals have been shared with members of the public and the general feedback which has been received has been very positive.

6. Although finalisation of the total cost of this investment is not yet complete, it is based on estimates, and indications are that an additional £1,500,000 will be required which will be funded through either the Tees Valley Combined Authority's Indigenous Growth Fund or the Council's bid to the Government's Future High Streets Fund. Illustrations of the proposed winter garden development is attached in **Appendix 1**.

Recommendation

7. It is recommended that Members:-
 - (a) Support the principle of making the additional investment from the TVCA Indigenous Growth Fund in the Victorian Market project for the development of the Winter Garden and food and beverage outlets.
 - (b) Delegate authority to proceed to the Director of Economic Growth and Neighbourhood Services in conjunction with the Portfolio Holder for Economy and Regeneration and to bring a further update back to Cabinet when costings are finalised, planning is confirmed, and an execution plan detailed.

Reasons

8. The recommendation is supported by the following reason:
 - (a) To contribute to the further economic wellbeing and vitality of the Town Centre.

Ian Williams
Director of Economic Growth and Neighbourhood Services

Background Paper

MAM – Darlington Market Hall and Open Market – Tender Proposal 2016

Mark Ladyman: Extension 6306

S17 Crime and Disorder	This paper supports and complements the actions detailed in the Darlington Town Centre Footfall Strategy to reduce ASB in the Town Centre.
Health and Well Being	No direct impacts
Carbon Impact	No direct impacts
Diversity	No direct impacts
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework. Any works highlighted in the report will be met through Tees Valley Indigenous Growth Fund or the Governments Future High Streets Fund.
Key Decision	This report is a Key Decision
Urgent Decision	No
One Darlington: Perfectly Placed	The actions detailed in the report aim to improve the attractiveness of the Town Centre therefore directly impacting on Perfectly Placed.
Efficiency	The report aims to utilise the Councils and partner resources in a collective more efficient manner.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

The Development of Darlington Victorian Indoor Market

9. Darlington's Victorian Indoor Market plays an important anchor for the Town Centre going forward. In terms of a unique proposition the market should and could act as an attractor for many people to come to the town. However, this building is underperforming and is not fulfilling its potential. The Council has recognised the need for further investment and in 2017 entered a partnership agreement with Market Asset Management.
10. The reinvigoration of the Indoor Market is considered one of the key components of the future development of our town centre and should be viewed in terms of a place of interest, distinctiveness, and diversity of a quality trading retail offer. The Indoor Market is viewed as a facility that should be a place where higher quality small independent retailers and food operators can operate. The Council wants to create a higher quality, safer and more engaging environment that will attract workers, residents and families and be complimentary to our development of a growing evening economy.
11. A newly refurbished and refreshed Indoor Market is a key part of creating a unique and local offer which distinguishes Darlington Town Centre from other high street developments. The importance of the Indoor Market to the local economy is well recognised by the Council. Despite current challenges the Indoor Market still enjoys some unique advantages. It is centrally-located and enjoys strong customer loyalty and it retains a sizeable fresh food offer but there are undoubtedly opportunities for significant improvements and growth which will add to its vitality and viability and make a more telling contribution to the town's vibrancy.
12. As part of the tenancy agreement Market Asset Management (MAM) are obliged to produce and deliver a redevelopment scheme for the Indoor Market. This intervention comprises the renovation and remodelling of the market hall with extensive redesign which considers the historical significance of the building. The main elements of the redevelopment proposal include:
 - (a) Structural repairs to and redecoration throughout of the market building.
 - (b) The provision of public toilets within the Old Town Hall to replace those closed several years ago.
 - (c) Creating a new mezzanine floor for retail use.
 - (d) Conversion of underused storage space to the mezzanine floor fronting West Row to create an Enterprise Haven and encourage business start-ups.
 - (e) Create a Farm shop facility as an outlet for local producers and growers.
 - (f) Improved extraction, heating, ventilation and fire protection throughout the building.
 - (g) Provision of a comprehensive IT network to enable tenants to adopt the latest sales techniques and allow for more effective promotion of the market.
 - (h) Provision of a more diverse food and beverage offer.

13. The above improvements were all agreed between the Council and MAM and formed part of the original partnership agreement. However, following further discussions between the Council and MAM and considering possible funding from the Tees Valley Indigenous Growth Fund and the Future High Streets Fund it was decided that more extensive improvements should be considered over and above those already agreed.
14. In March 2019, Market Asset Management launched a public conversation exercise on two refurbishment options for the Indoor Market. The proposals are detailed in Appendix 1.
15. Option 1 detailed the general improvements to the overall fabric of the building which includes the provision of a modern retailing space which will showcase the existing and potentially new independent businesses and create an environment to appeal to younger more affluent shoppers while retaining the varied retail choices currently used by customers.
16. Option 2 includes the proposals detailed in option 1 but also includes the development and conversion of the lower ground floor levels (market vaults) for food and beverage outlets. The most notable feature of the new proposal is the 'winter garden' on the eastern elevation of the market building. This will be situated beneath the existing canopy and will include enclosed glazed sides to create an internal environment.
17. The consultation exercise identified option 2 as the preferred option and the necessary planning permissions have been submitted. It is estimated that to deliver these additional improvements a further £1,500,000 would be required. The Council with its partners are confident that this investment and transformation of this much-loved heritage building into a modern retail and leisure venue would not only provide the retail offer to residents but act as a regional attraction for visitors.

Financial Considerations

18. The additional £1,500,000 required is expected to be funded through either the Tees Valley Combined Authority's Indigenous Growth Fund or the Council's bid to the Government's Future High Streets Fund.
19. The Tees Valley Combined Authority approved the Indigenous Growth Fund as part of its ten year Investment Plan 2019-29 at a special cabinet held on 24th January 2019. Programme criteria is being developed between local authorities and the Combined Authority and the fund is expected to be released by the Tees Valley Combined Authority's cabinet in September 2019.
20. Funding will be subject to the providers terms and conditions and completion of the appropriate due diligence.

Legal Implications

21. The leasehold of the indoor market building is owned by a private investor Market Asset Management Darlington Limited (MAMDL) under a 99 year long lease from Darlington Borough Council which commenced in September 2017.

22. Under the term of the long lease MAMDL are obligated to deliver required improvement works before the break clause date or the Council will be entitled to terminate the lease. MAMDL are also subject to minimum operational requirements and to a restriction of the use of the building.
23. The external funding routes set out (TVCA/ Central Government) will be subject to confirmation from external funders which will need to be documented by formal funding agreements and any onward funding agreement will need to pass on senior funder obligations to MAMDL as final grant recipient.
24. The funding to be granted to MAMDL is proposed to be on the basis of a non-repayable grant. This may give rise to a state aid. To ensure no aid arises a funding agreement will need to be entered into which is compliant with senior funder requirements and also in accordance with and subject to detailed state aid advice.

Consultation

25. Full consultation on the proposed changes to the market have been carried out and are detailed in **Appendix 2**.