

CARDIFF MARKET RESTORATION PROJECT: PRE-DECISION SCRUTINY

Appendices 1, 3, 4, 5, 6 and 7 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.

Purpose of the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet titled '*Cardiff Market Restoration Project*', which is due to be considered by Cabinet at their meeting on 21 September 2023.

Structure of papers

2. Attached to this cover report are the following appendices:
 - i. Appendix A – report to Cabinet titled '*Cardiff Market Restoration Project.*'
 - a. Confidential Appendix 1 – Business Plan – Overview
 - b. Appendix 2 - Historic, Current and Future Designs Visuals
 - c. Confidential Appendix 3 - Tenant Consultation Feedback
 - d. Confidential Appendix 4 - Phasing Options
 - e. Confidential Appendix 5 - Relocation Options
 - f. Confidential Appendix 6 - Market Rent Report
 - g. Confidential Appendix 7 - Business Plan - Funding Strategy
3. Members should note that **Appendices 1 and 3-7 of Appendix A** are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members' Code of Conduct.

Scope of Scrutiny

4. At their meeting on 21 September 2023, the Cabinet will consider a report that seeks approval of the proposals for the redevelopment of Cardiff Market and the

funding strategy and delegates authority to deal with all matters relating to the redevelopment proposal, including funding applications, procurement, and grants.

5. During this scrutiny, Members can explore the recommendations to Cabinet and:
 - i. The proposed redevelopment plans
 - ii. The impact on tenants, including temporary relocation plans
 - iii. The proposed funding strategy
 - iv. The linkages with city centre recovery plans
 - v. Whether there are any risks to the Council
 - vi. The programme management and governance arrangements
 - vii. The timeline and next steps, and
 - viii. Future scrutiny.

Structure of the meeting

6. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the papers that are in the public domain, namely this cover report and the report to Cabinet attached at **Appendix A, and its appendix 2**; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Confidential Appendices 1 and 3-7 of Appendix A**.
7. Members will hear from Councillor Huw Thomas (Leader), Jon Day (Operational Manager – Tourism and Investment), Eirian Jones (Operational Manager – Strategic Estates), Giles Parker (Head of Property), and Louise Thomas (Market Manager, Asset Management Officer). Members will be able to ask questions of the panel.
8. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to Cabinet on 21 September 2023.

Background

9. Cardiff Central Market is a Grade II* listed late Victorian cast iron and glass roofed market hall housing over sixty businesses, providing affordable space for small businesses in the city centre and being a heritage destination for visitors.

10. The Council's Corporate Plan, Recovery and Renewal Strategy and City Centre Recovery Action Plan all contain commitments to invest in, regenerate and promote Cardiff Market. These commitments align with the Welsh Government's Town Centre First approach, supporting footfall in the city centre and being accessible by sustainable transport.

Issues identified in the Cabinet Report

11. The report to Cabinet contains the following sections:
 - i. **Points 10 - 13** – Post-Covid Recovery Plan
 - ii. **Points 14 - 21** – Securing a long-term future for Cardiff Market
 - iii. **Points 22 - 27** – Cardiff Market Restoration – Proposed Business Plan
 - iv. **Points 28 - 30** – Tenant Engagement
 - v. **Points 31 - 32** – Potential Tenant Relocation
 - vi. **Points 33 - 35** – Proposed Phasing of the Works
 - vii. **Points 36 - 39** – Proposals between now and commencement of works
 - viii. **Points 40 - 41** – Funding Strategy.

12. The main points contained in the report are:
 - i. Cardiff Market attracts over 2 million visitors annually, with increases in patronage post pandemic
 - ii. Tenants pay rent and service charge
 - iii. The building requires significant improvements, including:
 - i. Roof and glazing
 - ii. Drainage
 - iii. Public toilets
 - iv. Lighting
 - v. Ventilation
 - iv. A modern and up-to-date heritage building is expected to offer the following:
 - i. Host visits and meetings

- ii. Promote and showcase the building's history
 - iii. Meet current Health and Safety standards
 - iv. Meet the needs of listed building status
 - v. Have a Ground Floor seating area
- v. The business plan for Cardiff Market restoration addresses the maintenance and operational issues, enhances the heritage status and establishes a conservation management plan, with associated activity programme
- vi. Restoration includes:
 - i. removing all unsuitable interventions
 - ii. creating a new ground floor eating area, by removing part of the northern block of the central aisle
 - iii. installing a learning suite
- vii. Initial tenant engagement and further consultation illustrate:
 - i. general support for proposals
 - ii. tenants keen to ensure the mix of tenants is not impacted
 - iii. that phased relocation is undertaken in a timely manner
 - iv. that disruption is minimised
 - v. some traders concerned about potential to be permanently relocated – concerned that no trader should see themselves negatively impacted as a result of restoration work
- viii. Vacant units arising from now until restoration will be reserved for potentially displaced tenants – it is the Council's intention to relocate all displaced tenants who wish to remain trading
- ix. Works will be undertaken in two phases
 - i. Phase 1 – roof and external works – traders to remain
 - ii. Phase 2 – drainage, water, electrical and general refurbishment – traders to be relocated temporarily via multiple sub-phases
- x. Tenants will be temporarily relocated on the Hayes for a period of no more than 12 weeks
- xi. Rents have been kept at 2017 levels post pandemic
- xii. Any future changes in rent would be introduced in a phased manner across three years, informed by a market value analysis and with a view to minimise the potential impact on any current tenant
- xiii. Restoration works aim to reduce service charges

- xiv. Funding includes a reserved contribution from Cardiff Council, and a mix of grants and loans from Welsh Government, the National Heritage Lottery Fund, and the Shared Prosperity Fund; these are in-principle at this stage.

13. Members are advised that the Confidential Appendices provide more detail on the above, with illustrations of the market post-restoration in Appendix 2.

14. Financial Implications are at Points 44-48 and highlight:

- i. The estimated capital costs are £6.2M; there is in-principle funding towards these costs from Welsh Government and National Heritage Lottery Funding loans and grants, as well as funding from the Council's Property Asset Renewal Budget
- ii. Other external grant funding will be sought to reduce the level of loan exposure
- iii. Need to ensure funding is in place to meet expected costs at contract award – the levels of funding and project scope may need to be reviewed
- iv. Respective terms and conditions of funders will need to be considered – a management and maintenance plan will need to be in place to ensure that improvements committed to are sustained
- v. There are revenue implications of the project
 - i. Loss of rental income when tenants are temporarily relocated
 - ii. Additional costs of supplying alternative accommodation
 - iii. Increased rental income assumed post-restoration, following commercial advice and resulting from future tenants
- vi. Need to ring-fence the landlord revenue budget for the next 10 years, and keep the current income target for the market at existing levels
- vii. An exit strategy will need to be in place following cessation of grant for activity space and interpretation, to ensure there is no additional impact on the Council's revenue budget.

15. Legal Implications are at Points 49- 59, including:

- i. Need to ensure leases are determined to regain control and possession of premises to undertake any works
- ii. Need to be satisfied the Council can comply with grant conditions

- iii. That Council Contract Procedure rules should be complied with, and further legal advice sought before proceeding with any procurement
- iv. The need for the decision maker to consider its duties with regard to the Equality Act 2010, the Public Sector Equality Duties, the Well- Being of Future Generations (Wales) Act 2015, and the Welsh Language (Wales) Measure 2011 and Welsh Language Standards.

16. Human Resources Implications are at Point 60 and state that there are no HR implications arising directly from this report.

17. Property Implications are at **points 61-62** stating Cardiff Market is managed by the Council's Estates team, which forms part of the project team with the objective to manage the programme and keep an open dialogue with Market Tenants throughout the process.

Proposed Recommendations to Cabinet

18. The report to Cabinet contains the following recommendations:

- a) *The Cabinet is recommended to approve the proposals for the redevelopment of Cardiff Market and the funding strategy as set out in the appendices to this report.*
- b) *Delegate authority to the Director of Economic Development in consultation with the relevant Cabinet, section 151 Officer and Director Governance and Legal Services and Monitoring Officer, to deal with all matters relating to the redevelopment proposal including the funding application, procurements, and grants in relation to Cardiff market (and any ancillary agreements) as required in relation to this matter.*

Way Forward

19. Councillor Huw Thomas (Leader) will be invited to make a statement. Jon Day (Operational Manager – Tourism and Investment), Eirian Jones (Principal Surveyor), Giles Parker (Head of Property), and Louise Thomas (Market Manager, Asset Management Officer), will attend, and all witnesses will be available to answer Members' questions on the proposals.

20. Members are reminded of the need to keep information in **Confidential Appendices 1 and 3-7 of Appendix A** confidential, in line with their responsibilities as set out in the Members' Code of Conduct.

Legal Implications

21. The Scrutiny Committee is empowered to enquire, consider, review, and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

22. The Scrutiny Committee is empowered to enquire, consider, review, and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 21 September 2023, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

14 September 2023