

CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 14/02/2023

Title: Cardigan Market Hall Restoration & Construction of new Access Block

Purpose of the report: To provide a progress update and seek approval of a further Capital Contribution towards additional project costs, thereby facilitating completion of the project to achieve the intended long-term outcomes.

For: Decision

Cabinet Portfolio and Cabinet Member: Councillor Clive Davies, Cabinet Member for Economy and Regeneration

Background

The Cardigan Market Hall is owned by Ceredigion County Council, and is leased to the Cardigan Buildings Preservation Trust. The Market Hall is operated by Menter Aberteifi on behalf of the Cardigan Buildings Preservation Trust.

The leaseholder has been pursuing a project that addresses some structural improvements required to the building and that also improves the overall appeal and contribution the building makes to the vitality of the town.

The Cardigan Markethall Project will facilitate the restoration, repair and provision of updated facilities for this historic Grade 2* Markethall, securing its long-term future and sustainability for market traders and opportunities for new enterprises.

The initial project was estimated a £1.8m renovation, to which CCC agreed a contribution of £460,000. Upon receiving the tenders for the Phase 2 works, the costs increased by £900K and a combination of value engineering (£200K) and additional grant funding (£700K) covered the shortfall. The financial contribution the Council is making is far lower than it would be if it was to undertake the repairs itself.

Phase 1 of the project involves the building of the new Access Tower for the Markethall, funded specifically by the Rural Development Programme, Welsh Government's Transforming Towns programme and part of CCC's agreed funding package. The new entrance with its stairwell, lift and public toilets will provide direct easy access for all from the car park to both Lower & Upper Market levels, and through to the Cardigan's High Street.

Upon commencing the **Phase 1** demolition works in January 2021, equipment belonging to Dŵr Cymru ('DCWW'), which controls their Cardigan Combined Sewage Overflow system, was discovered in a room in the public toilet block being demolished, which resulted in the works being suspended immediately.

Various alternatives and revised proposals were considered, resulting in delays. A revised design was rejected by DCWW at a very late stage, having previously been agreed, and the need to obtain planning permission to facilitate the agreed solution - placing the equipment in a kiosk in the corner of Greenfield Square carpark - resulted in further delays. The failure of the specialist company, used by DCWW, to start fabrication of the kiosk when requested by the main contractor in August also added to the delays.

The cost increases associated with the unforeseen works and resultant delays have added £313,450 to the cost of the project. This increase can be attributable to the extra expense arising out of the belated discovery of the DCWW equipment; extra work on the foundations of the Access Tower and rapid inflation in building industry costs as a result of the suspension of the works and resultant delays. These are broken down as follows:

- 1. Unforeseen costs / project unknowns - £189,000.**
 - The cost of the extra tasks associated with moving the DCWW equipment amount to £149,000.
 - Additional costs relating to the foundations of the Access Tower. £40,000

- 2. Cost increases as a result of delays include rapid inflation, increasing construction costs and the availability of materials - £124,450.**

Total - **£313,450.**

During the construction of Phase 1 and Phase 2 of the project, costs have escalated in other areas too, but this have been managed through a combination of value engineering and the securing of other sources of funding.

The total cost of the project (Phases 1 and 2), now amounts to £2.95m.

Project funding of £2.64 million has been raised from the following funds:

- (i) Building for the Future;
- (ii) Rural Development Plan
- (iii) Coastal Communities Fund;
- (iv) National Lottery;
- (v) CADW;
- (vi) The Architectural Heritage Fund;
- (vii) Private funds,
- (viii) Welsh Government Transforming Towns programme
- (ix) Ceredigion County Council (CCC) funding.

Notwithstanding the above, the **Phase 2** works in restoring and modernising the Market Hall itself are now well underway and is proceeding smoothly without any claims from the contractor for significant variations in the contract sum and is scheduled to be completed on programme.

Reasons for Capital Funding Request

CCC has worked with CBPT to fill funding gaps in the programme, on the basis that there is benefit for all parties to ensure that the project is completed to a good

standard, and that will ensure the long-term viability and robustness of the building to the future.

In December 2022, Ceredigion County Council submitted a funding application to the Welsh Government Transforming Towns Strategic fund to help fund the remaining funding gap and ensure the project is fully completed.

Welsh Government officers have agreed in principle (to be confirmed by Ministers) to fund £146, 000 of the shortfall, on the basis that:

- CCC contribute a further £100K capital funding to the project, (subject to obtaining the relevant governance approvals),
- CBPT contribute £67K secured via the Lottery in Nov 2022,

This paper seeks the approval for providing an additional £100K in capital funding on the basis that:

1. The asset is ultimately still the Council's freehold, so all expenditure is in the Council's long-term interest. An incomplete or failed project is not in the Council's interest.
2. The issue of the need to move the Welsh Water equipment could not have reasonably been foreseen by the Trust prior to the commencement of the programme, at the time the original funding was agreed.
3. In overall terms the council's contribution to the whole project will be slightly less than 25%,
4. The leverage of a further £213,000 of further funding externally represents good value for the £100,000 investment from CCC.

Conclusion

We are therefore formally seeking a decision to provide an additional £100k capital to extend the existing approval that currently runs to £460k

Wellbeing of Future Generations:

Has an Integrated Impact Assessment been completed? If not, please state why

Summary:

Long term: Investment in Local market infrastructure drives sustainable long term employment prospects. Location is accessible by public transport routes. Development of the market drives sustainable rents to maintain the structure on the long term

Collaboration: Working with a local BPT ensures integration with local community

Involvement: Cross service collaboration required to bring proposal forward, as well as collaboration with the BPT and other funders.

Prevention: Detailed community consultation and consultation with market traders as

	stakeholder has been undertaken as part of the development work.
Integration:	This investment helps to prevent a further decline in the building and in the local market economy and related employment prospects of the area.
Recommendation(s):	Approve an additional contribution of £100,000 to Cardigan Building Preservation Trust and review the existing funding agreement
Reasons for decision:	To enable the project to be completed and deliver the original aims and objectives of the redevelopment proposals.
Overview and Scrutiny:	Not yet presented – Limited timescales require quick turnaround.
Policy Framework:	Corporate Strategy 2022-27
Corporate Well-being Objectives:	Boosting the economy, supporting businesses and enabling employment
Finance and Procurement implications:	Additional Capital Funding Provision
Legal Implications:	Funding Agreement with CBPT will need to be reviewed
Staffing implications:	Officer time to oversee funding claims
Property / asset implications:	No, lease of property to CBPT already in place and refurbishment works are being carried out by the Trust
Risk(s):	Reputational Damage
Statutory Powers:	None
Background Papers:	Development Plans and Business Plan held by Cardigan Building Preservation Trust Cabinet Report dated 30/9/2019
Appendices:	None
Corporate Lead Officer:	Russell Hughes-Pickering, Corporate Lead Officer: Economy and Regeneration
Reporting Officer:	Alan Haird, Project Management and Development Officer
Date:	14/02/2023