

BARNSELEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

**Joint Report of the Director Finance,
Assets & Information Services & the
Director Place**

BETTER BARNSELEY REGENERATION - METROPOLITAN CENTRE BUSINESS CASE

1. Purpose of report

- 1.1 This report provides the business case for investment to refurbish and extend the Metropolitan Centre. The business case provides for the refurbishment of the Market Halls and Cheapside retail units; the design and construction of a new Markets Food Hall and leisure box at first floor level and new retail units along a new shopping boulevard. The Metropolitan Centre will be the heart of the future retail, markets and leisure offer, encouraging footfall in the town centre and supporting our aspiration to create a vibrant daytime and evening economy.

2. Recommendations

It is recommended that:

- 2.1 **Cabinet approve the Metropolitan Centre Business Case.**
- 2.2 **Cabinet note the proposed rent structure in the main body of the business case which is subject to final amendments when approval will be sought.**
- 2.3 **Cabinet note the potential ongoing financial implications associated with the development.**

3. Introduction

- 3.1 The Council meeting on 6 February 2014 approved that the Council would work with key stakeholders to advance development proposals for Barnsley town centre, within a financial envelope of £35 million from the Medium Term Financial Strategy, to secure the revitalisation and enhancement of the town centre.
- 3.2 The Council meeting on the 3 December 2014 approved that the Better Barnsley Town Centre Prospectus be approved along with ring-fencing of a further £15 million of strategic reserves to provide sufficient financial capacity to deliver the required scheme.
- 3.3 This Cabinet meeting on the 27 January 2016 approved the appointment of the main contractor for the Better Barnsley project and that further reports setting out

the business case for each key element should be brought back to Cabinet for consideration. These are:

- Library (approved Cab.27.7.2016/13)
- Metropolitan Centre
- Public Realm and town square
- Car Parking

3.4 This is the second business case and sets out not only the plan for the delivery of the asset, but also how the Council will position itself in order to maximise the benefits from the Metropolitan Centre and Barnsley Markets.

3.5. Cabinet members are asked to note an urgent decision of the Executive Director Place after consultation with the Cabinet Spokesperson for Place in respect of an interim markets rent structure for traders up to 2019 linked with future phasing plans.

4. Consideration of alternative approaches

4.1 This approach to deliver the Better Barnsley project was agreed by Cabinet after the previous scheme working in partnership with a private developer partner failed to raise sufficient funds to commence the project. The Council remains fully committed to the Better Barnsley scheme including all of its previously approved individual elements. As such, whilst there are no alternative approaches being considered for the wider scheme, each of the separate work package business case will set out options for the Council to consider, where appropriate, for the delivery of those elements.

5. Proposal and justification

5.1 It is proposed that Cabinet approve the business case for the Metropolitan Centre, which is at the heart of the future retail, markets and leisure offer. The proposed redevelopment of the Metropolitan Centre encompasses the most important site in Barnsley. The town centre is dominated by the Metropolitan Centre. It was built in the 1970's to house the famous Barnsley Market and create modern retail space.

5.2 The justification for the investment is to effect a radical transformation of the Metropolitan Centre in line with the recommendations of the approved Better Barnsley Town Centre Prospectus. The project comprises a comprehensively refurbished and extended Market Halls, Meat & Fish Market and Markets Food Hall, new retail and leisure offers supporting the new town square, a new shopping 'high street' and a reinforced retail offer on Cheapside.

5.3 Successful towns and cities have retail 'circuits' rather than 'strips' such as Cheapside. The redevelopment of the Metropolitan Centre will create the 'heart' of the new retail circuit. Our design ensures that Barnsley Market is central to the 'circuit' on two floors of the refurbished asset. The new retail units on the new shopping 'high street' will be double height to compliment the retail units and cinema that will form the opposite façade on the new street.

- 5.4 The redevelopment works will be undertaken in a number of phases, which will inevitably mean disturbance for the market traders. The majority of the Metropolitan Centre is retained, but comprehensively remodelled to better serve the needs of the markets, stallholders and attract new prime retailers that will address the retail offer 'gap' in the town centre.
- 5.5 The redevelopment of the Metropolitan Centre is crucial to developing a "a vibrant town centre" both in terms of growing footfall and interest in the town centre and the delivery of key regeneration projects as identified in the 2020 Outcomes Framework. The creation of a thriving and vibrant town centre economy will be achieved through the creation of more and better jobs, business growth and strengthening of the visitor economy. The redevelopment of the Metropolitan Centre directly supports all of these outcomes, it will reduce Barnsley's retail trading gap by providing new retail and leisure that will in turn attract higher quality retailers and operators and will reduce spend leakage out of the town into other retail centres. Increased dwell times in the town will also increase spending and create a more active town centre with a higher quality, safer and more engaging environment that will attract workers, residents and families and develop an evening economy on top of the existing day time economy and make the town centre a destination for visitors outside the Borough. The Better Barnsley development will create new jobs with the retailers and operators who will open stores, restaurants and leisure facilities in the scheme and independent self-employed stallholders in the market halls.
- 5.6 The development will also provide an opportunity for closing the skills gap and creating stronger and more resilient communities in the Borough. Training opportunities, local community support and employment will be offered throughout its construction and operation. Members of the team are involved already providing support to our education system and local labour as Enterprise Advisors to local schools or the initiation of a Skills Village to train local people for work in construction that may lead to them working on the construction itself. These initiatives are provided through a contractual obligation with our suppliers on the project that will continue until completion.
- 5.7 In our Corporate Plan we describe our high level of ambition and aspiration to do our very best to support Barnsley, its people, communities, partners and business to thrive and achieve. We also state that the residents, communities and customers of Barnsley are our number one priority and that we will create a thriving and vibrant economy where people will be able to achieve their potential. The redevelopment of the Metropolitan Centre embodies our vision.

Barnsley Markets

- 5.8 The importance of Barnsley Markets to the local economy is well recognised by the Council. The Markets create high street footfall, support high levels of local employment and recycling income to local suppliers. These are difficult times for stallholders given the ongoing town centre improvement works. Despite challenges Barnsley Markets still enjoy unique advantages. It is centrally-located and enjoys strong customer loyalty. It retains a sizeable fresh food offer which adds to its vitality and viability because food makes the Markets a "destination attraction." Everyone has to go food shopping.

- 5.9 When considering fresh food it is important to remember it is delivered by stallholders who require continuity of trade. It is important therefore to retain existing stallholders as one cannot expect a butchers, delicatessen, greengrocer or fishmonger to close their business and then open many months later in new premises. The phasing of refurbishment works is critical.
- 5.10 The Market Hall stallholders are Small or Medium-sized Enterprises with fixed assets and overheads essential to their business and as such vulnerable to the same pressures facing any independent business. The 'Portas' Report put more attention onto traditional markets, however many stallholders remain reluctant to invest in improvements. They recognise the importance of self-service and chip-and-pin but are reluctant to adopt them in the absence of an initiative from the Council. In the meantime they continue to lose high-value sales to competitors. The Council's planned Markets Improvement Plan will encourage the stallholders in the Market Hall to develop their businesses and would introducing good business practices, such as:
- Raising standards of merchandising
 - Increasing use of cashless transactions
 - Engaging stallholders in joint promotions
 - Animation of the markets and high street
 - Stallholder training programme
 - Improved promotion via social media
- 5.11 Some of this work has already started and early improvements can already be seen at the temporary May Day Green market. Footfall at May Day Green is significantly higher than in the previous semi-open market location and we are now seeing more shoppers from the 30-40 age range that previously did not shop at these stalls.
- 5.12 The new market is a key part of the scheme creating a unique and local offer which distinguishes Barnsley town centre from other high street developments. The modern retailing space will showcase our independent businesses and create an environment to appeal to younger more affluent shoppers.
- 5.13 Barnsley Markets employ more people per square foot than any other retail environment and the new market will provide important employment and entrepreneurial opportunities for local residents.
- 5.14 The level of capital investment required to fully refurbish and re-provide the Markets Halls is significant, but not to make the investment will see a continuing decline in the Markets. The investment to return profile does not make the Markets an investment proposal that would appeal to external investors and as such will need to be self-funded. The returns shown in the Business Case (Appendix B) predict income of £1,238,049 (from £349,840 service charges and £888,209 rents).
- 5.15 Future markets provision is to provide and indoor and outdoor markets offer. This would consist of an outdoor market for market traders who would trade on a weekly licence and an indoor market where stallholders will have leasehold tenure of their stall and pay a proportion of the markets service charge and be separately metered for utilities. It is proposed to provide at least:

- 40 outdoor market stalls
- 19 meat and fish stalls
- 118+ indoor market stalls
- 7+ food hall stalls

Current areas for the new indoor markets and food hall:

Food Hall **1,200m²**

Market Halls **5,500m²**

Meat & Fish *450m²*

Ground Floor *3,000m²*

First Floor *2,050m²*

5.16 In summary, the refurbished and extended Metropolitan Centre will be a major destination in the town centre. It will be the home of the famous Barnsley Markets and will:

- revitalise the Barnsley markets
- retain more retail and leisure spend within the town centre and increase dwell times
- increase visitors and visitor spend within Barnsley
- provide new employment opportunities for local people
- stimulate the economic regeneration of the town and borough
- provide opportunities for development of skills within the borough's population
- reduce the retail spend gap
- provide the Council with a secure revenue stream through the markets rent and profits share from the head lease
- create a safer, more accessible heart to the town that will attract families
- provide a high quality development in the town that residents are proud of
- be accessible to all
- be a development that local people are positive about, resulting in a feeling of wellbeing
- help reduce ASB

Future work stages

5.17 The project has completed the preparation and concept design phases (RIBA Stages 1, 2 and 3). The schedule for the remaining work stages are as follows:

Key Milestones	Completion Date
RIBA Stage 3A Revised Developed Design	21/10/2016
RIBA Stage 3 – Review & Approval	07/11/2016
RIBA Stage 4 Technical Design	13/07/2017
Reserved Matter Planning Consent	22/03/2017
Refurbishment of Metropolitan Centre	11/05/2018
New retail units	23/10/2019

5.18 In parallel with the architectural and technical design work and the construction, the Town Centre & Markets team will be developing the service offer for the new market. This will involve:

- On-going engagement with current traders and, critically, potential new traders who will broaden the offer and appeal of the Market to attract new customers.
- Discussions with potential partners and the BMBC events team to programme activities and events to support the Market and wider town centre offer.
- Continue to build up public support for the new Markets and support the traders in their temporary locations.

6. Implications for local people / service users

6.1 The Metropolitan Centre is crucial to developing “a vibrant town centre” both in terms of growing footfall and interest in the town centre. The redevelopment of the Metropolitan Centre will reduce Barnsley’s retail trading gap by providing new retail and leisure that will in turn attract higher quality retailers and operators and will reduce spend leakage out of the town into other retail centres. Increased dwell times in the town will also increase spending and create a more active town centre with a higher quality, safer and more engaging environment that will attract workers, residents and families and develop an evening economy on top of the existing day time economy and make the town centre a destination for visitors outside the Borough. The Better Barnsley development will create new jobs with the retailers and operators who will open stores, restaurants and leisure facilities in the scheme and independent self-employed stallholders in the market halls.

7. Financial implications

- 7.1 In January 2016, Cabinet received an update with regards the Better Barnsley scheme. This update provided a detailed breakdown of the resources (£50.078M) allocated to the project including a budget totalling £25.5M for the redevelopment of the Metropolitan Centre.
- 7.2 The current estimated development costs for the redevelopment remain in line with this budget. It is expected that these costs will continue to be contained within this total through to completion.
- 7.3 The re-development of the Met Centre also includes the demolition of the multi storey car park. This car park currently generates income in the region of £175,000 per year. Whilst it is expected that the users of this car park can be disbursed to other car parks within the town centre the full impact of this is not yet known. As such the impact of this, together with the wider impact of the Better Barnsley Scheme on car parking within the town centre, is being considered as part of the Town Centre Car Parking Strategy currently being progressed. Any potential cost associated with this revised strategy will therefore be reported to Cabinet in due course.
- 7.4 In addition to the above, there are a number of retail units within the existing Met Centre from which the Council currently receives rental income. This income totals £0.940M. These units become vacant from 2017/18 and therefore there will be a temporary call on the MTFs for this loss of income.

However it should be noted that the Business Case for the Met Centre re-development proposes that the rental income to be received from the new retail units being developed as part of the scheme, will form part of the Better Barnsley Phase 2 project. The intention is that phase 2 will be funded via private sector investment and therefore it is considered that this income will make the proposal more attractive to potential investors. Should the Phase 2 scheme go ahead as proposed the loss of income will be a permeant call against the MTFS. Future reports will update on progress against this.

7.5 Finally, there will be a cost associated with the loss in business rate income to be retained by the Council during the re-development, estimated to be in the region of £0.500M. This cost has already been mitigated within the current MTFS through a reduction in the estimated growth in business rates in 2017/18. It is forecast that the Council will eventually recover this income, together with additional growth in business rate income upon completion of the Better Barnsley scheme (Phase 1 and 2). The overall impact of this potential growth will be calculated in due course with future reports on the Council's ongoing MTFS updating on this position.

7.6 The full financial implications are shown in Appendix A attached to this report.

8. Legal implications

8.1 None arising from this report.

9 Employee implications

9.1 None arising from this report.

10. Communications implications

10.1 A communication plan is in place for the Better Barnsley scheme. The project team are committed to undertaking exemplar public consultation on the redevelopment proposals for Barnsley town centre and have prepared a detailed communication and consultation plan with the aim to:

- Increase borough wide awareness of the town centre development plans
- Develop and build positive relationships with Stakeholders
- Ensure that every stakeholder segment has the opportunity to inform the development plans
- Engage with and seek the views of the local community
- Gain credible, constructive input from the local community to shape aspects of the proposals
- Involve the local community to create opportunities to contribute to the regeneration of the town centre
- Inform and shape redevelopment proposals that will create a sustainable future for the town centre.

The communications and consultation plan is a living document which is regularly updated as each stage of the project progresses.

- 10.2 Press releases are issued as appropriate and information is provided to the public on the progress via social media and the Better Barnsley Newsletter.

11. Consultations

- 11.1 A consultation process has been utilised to help the community and stakeholders shape the scheme and to generate an informed debate on the proposals. The involvement of the community and stakeholders is a critical part of the development process for Barnsley town centre. The consultation work on this scheme started in summer 2014 and will continue throughout the redevelopment of the town centre.
- 11.2 Key communication activities and events:

Better Barnsley Shop

A dedicated 'drop in' shop for the project is situated in the centre of Barnsley. It displays all the plans and proposals for the redevelopment and provides the opportunity for members of the public to give feedback and ask questions. The shop is open 10am - 5pm Monday to Wednesday and Friday to Saturday. The Better Barnsley Ambassador is on hand to answer visitor's questions and pass on the latest information on the project.

The shop also hosts a variety of events and acts as a consultation hub for BMBC and our partners. All the feedback from the drop in shop is collated by the project team to inform the development of the project.

Website

There is a dedicated webpage for town centre development (Better Barnsley), with regularly updated information and links to the weekly newsletter. Opportunities for consultation are promoted here.

Newsletter

A weekly electronic 'Better Barnsley' newsletter is published and the link to it shared with local media and council colleagues. The Newsletter has a circulation of 2000+ readers who are predominantly local residents and businesses. The newsletter provides an update on the progress of the project, the team involved and events and activities taking place in the town centre. Printed copies of the newsletter are displayed in the Better Barnsley shop.

Social media

Regular updates and news items are shared via the council's Facebook and Twitter accounts. Any comments are shared with the development team. The project specific Twitter Page has over 2,000 followers; it is updated on a daily basis to keep people informed of the latest news about the project.

Targeted events

Regular meetings, presentations and workshops have been held with the consultees and stakeholders. A series of town centre walkabouts have also taken

place to give people the opportunity to discuss existing issues in the town centre and to gain a better understanding of the redevelopment proposals and how they integrate into the town. All the feedback from these targeted events is utilised by the project and design teams to inform the development of the project.

The public and stakeholder consultation undertaken to date has proved invaluable to the project delivery team. The feedback provided to date has helped to shape the details of this outline planning application. The scheme has been presented to the Barnsley Urban Design Review Advisory Panel. The feedback from the panel has also been incorporated into the development of the proposals at the outline application stage. The consultation has highlighted strong support for the project from both the local and wider community and from the various stakeholder groups.

In terms of informing the proposals:

- The feedback has highlighted strong support for retaining and improving Barnsley Markets.
- An overwhelmingly positive response has been received in relation to the creation of a large public square for events and to increase dwell time in the town centre. Improvements to public spaces have been very favourably received with requests to include a new water feature and increased planting and greenery.

The project and design teams will continue to consult with the community and stakeholders to ensure that views and issues where relevant and possible are taken on board and incorporated into the scheme evolution. It is considered that the consultation undertaken to date has played a valuable role in the preparation of the proposed scheme.

12. The Corporate Plan and the Council's Performance Management Framework

- 12.1 In our Corporate Plan we describe our high level of ambition and aspiration to create a Thriving and Vibrant Economy and to do our very best to support Barnsley, its people, communities, partners and business to thrive and achieve. The redevelopment of the town centre embodies our vision, and the refurbished Metropolitan Centre will create the 'heart' of the new retail circuit.
- 12.2 To further meet our aspiration to become a Purple Flag accredited town we will have to report a consistent increase in footfall and decrease in crime within the night time economy. The refurbished Metropolitan Centre and increased visitor footfall it will generate will make a key contribution to creating a vibrant and eclectic night-time economy, as it combines with the new town square, high-quality eateries, multiplex cinema and cafes.

13. Tackling health inequalities

- 13.1 No issues arising from this report.

14. Climate Change & Sustainable Energy Act 2006

- 14.1 The Better Barnsley scheme has aspirations to respond positively to local and national sustainability requirements. Sustainability is embedded throughout the scheme and includes all aspects of sustainability including social and economic sustainability as well as environmental sustainability.
- 14.2 The high quality design will respond positively to the site and local environmental requirements. For example, care has been taken to create accessible routes across the town centre that will facilitate a modal shift, and in doing so generate footfall which will manifest itself in more vibrancy at the top of the proposed town square. The prominence aspect has many business benefits, but the building design has to consider the positioning of air intakes and exhausts from mechanical plant to avoid fumes or noise pollution.
- 14.3 The location of the Metropolitan Centre is close to the Barnsley Interchange to maximise the opportunities for visitors to travel on public transport.

15. Risk Management issues

- 15.1 A complete risk register for the Better Barnsley Projects is contained within Morgan Kai and is regularly updated and presented to Town Centre Board. The key risks relating to the Metropolitan Centre project are:
- Failure to ensure there is sufficient funding in place to deliver the aspired project outcomes
 - Failure to obtain the appropriate approvals to progress the project (planning consents and approvals from statutory undertakers)
 - Failure to manage, and maintain the integrity of the project programme, including the opportunity to identify and manage connections with other elements of the programme, or other schemes.
 - Failure to ensure that approvals regarding the design of new spaces are agreed by required stakeholders
 - Failure to deliver the essential elements of the project on time and communicate the progress made to date to stakeholders including retailers, stallholders, residents etc.
 - Failure to maximise the future potential of the new building
- 15.2 The Town Centre Major Projects Officer and Corporate Risk Manager review the Risk Register monthly, and escalate project, design and construction risks as necessary to the Town Centre Board.
- 15.3 The overall risk to the Council in financial terms is considered to be acceptable and costs will be managed within the overall project budget for the key elements to be delivered by the Council.

16. Health, safety, and emergency resilience issues

- 16.1 All health and safety matters in respect to the development will be addressed as part of the obligations placed upon the main works contractors.

17. Compatibility with the European Convention on Human Rights

17.1 No issues arising from this report.

18. Promoting equality, diversity, and social inclusion

18.1 The Better Barnsley Delivery Team are working closely with the Equality and Diversity Team. We understand that anyone with disabilities can face all kinds of challenges using the town centre. The project team will incorporate feedback from consultation sessions with disability groups.

18.2 Engaging with disabled people in our consultative process demonstrates our commitment to and valuing of, the disabled visitor/customer/user. As well as gaining insight into the more universal access issues, involving disabled people will bring more site-specific knowledge to the auditing process.

19. Reduction of crime and disorder

19.1 The Council is collaborating with the Police to address anti-social behavior across the town centre. Good, safe design principles will help and assist this work going forward.

20. Conservation of biodiversity

20.1 Biodiversity issues are being addressed through the planning and design process.

21. Glossary

21.1 Purple Flag - a town and city centre award – similar to the Blue Flag for beaches – which aims to raise the standard and broaden the appeal of town and city centres between the hours of 18:00-06:00.

22. List of appendices

Appendix A – Financial Implications

Appendix B – Metropolitan Centre Business Case & Appendices

23. Background papers

23.1 Correspondence regarding this matter is held on the files in Asset Business Unit and NPS Barnsley Ltd (Procurement) – not available for inspection, contains exempt information.

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