

Executive Decision Report

Connecting Leicester | Demolition of 14-16 Market Place, creation of new link and development site

Decision to be taken by: City Mayor

Decision to be taken on: 7 December 2023

Lead director: Matthew Wallace



City Mayor

Useful information

- Ward(s) affected: Castle.
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- Report version number: v5

1. Summary

This report seeks approval for the creation of a new link that will connect the St Martin's Square development to Green Dragon Square by demolishing 14-16 Market Place North. As well as the link, the scheme will create a high-quality development site adjacent Cank St and refurbish numbers 12, 18 and 20 that will remain fronting Market Place North onto Green Dragon Square after the demolition. This is part of the Council's wider Markets re-development programme. The total cost of delivering this programme of works will be £2.82m.

The council will procure a third-party operator to create a new, vibrant offer for the city from this site by way of a lease of the land and buildings from the council. That could include units for creative maker/artisan startups, bespoke and higher end retail offers and street food style food and beverage.

The site will extend the successful St Martin's Square scheme, stimulate the local economy, increase footfall and connectivity, animate Green Dragon Square, and improve the overall city offer by providing a new and unique retail environment.

2. Recommendations

It is recommended that the City Mayor and Executive approve:

- the creation of the new link and development site at Market Place North as described in this report at a total scheme cost of £2.824m.
- the addition of £1.4m to the capital programme as an immediate start, funded from the Highways, Transport & Infrastructure policy provision.
- the transfer of £1.424m from the existing markets capital budget towards this scheme.

3. Supporting information:

Introduction

The 12-20 Market Place North / Cank Street scheme is in a central position within the Old Town of the city lying adjacent to Leicester Market, St Martins and the Lanes, the Cathedral, Green Dragon Square and Town Hall Square. The link and the development site will facilitate a completely new and contemporary experience for businesses, residents, and visitors. It will combine creative and retail elements alongside market and artisan trading with bars and lifestyle culture providing a major boost for the city centre. Operators will be encouraged in the area adjacent Cank St to create something new and different, possibly using temporary structures such as container units or similar.

12-20 Market Place

The Council purchased the freehold of 12 to 20 Marketplace in 2019 (Appendix A) to enable this development. The units were built in the 1980's as 'infill' properties to replace those that originally surrounded the Market Place. At the time their appearance was similar in finish to the now demolished Leicester Indoor Market. The properties are brick built and offer space on two floors (ground and first). 16- 20 Market Place is currently used for storage whereas the remaining are vacant. At the rear of the properties is a hard standing 'yard' space.

Concept design work has been undertaken for this space to illustrate what development might be feasible. A soft market testing exercise was run in late 2022 to test the appetite of operators. This resulted in discussions with several interested parties, experienced in running similar sites elsewhere across the country. Positively this suggested there would be considerable commercial interest once the site has been refurbished and that the council would be able to secure a rental income. Securing tenants for the refurbished units at no 12 and 18-20 Market Place North will help to animate Green Dragon Square. The design allows space for tables and chairs to spill out from 18-20.

The new link will be circa 500 Sqm in area and will see the introduction of improved lighting for evening use, surfacing to complement that of Green Dragon Square, and will include a provision for street furniture. It is expected that this will enhance the public journey into the Market Place by improving the transient level connection to the surrounding public space.

The Council has recently improved the link from Town Hall Square to the Market via demolition of several properties at Horsefair St and opening views of the Corn Exchange. This scheme will create a better link to St Martin's and from the Cank St side the design of the connecting link will focus the eye on the old Fish Market façade fronting Green Dragon Square, and the Town Hall tower behind.

Planning permission for the demolition and façade works was obtained in April 2021 (ref 20202082). The cost of the scheme is expected to be £2.82m which includes a provision included to allow any new business units to effectively 'plug and play' once the groundworks are complete, and the appropriate surface finishes are laid. Scope of works provisioned for within the development include drainage, foundations, and adequate service connections.

The existing units of 14 and 16 Market Place will be carefully demolished to retain the structure of unit 12 and units 18 and 20. New gable end walls will be constructed that will provide structural support to the retained buildings which will be aesthetically enhanced.

The demolition and refurbishment scheme will be tendered through a compliant procurement exercise and the new development site and link including the refurbished properties will be complete by end 2024. Following approval of this decision a separate procurement exercise will identify a preferred operator by spring 2024. The chosen operator will require planning permission for a scheme at the rear of the site which should also be achievable by the end of 2024 enabling a new scheme to be implemented in the first part of 2025. It is anticipated that new tenants for numbers 12 and 18-20 Market Place North may be secured and start operating more quickly.

Sustainability

The scheme will explore opportunities to minimise its carbon footprint, with the inclusion, heat pumps, adequate insulation of containers, use of sustainable building and construction materials throughout, efficiency in lighting choices, utilities, and services as well as additional features throughout the scheme.

An emphasis on ethical and sustainable practices will be developed to inform the sales strategy of the Cank Street Link. This reflects consumer trends, creative/maker business growth and will be central to a distinctive marketing strategy for the scheme. Occupying businesses, retailers and food and drink tenants will be in part targeted for their commitment to sustainability.

4. Details of Scrutiny

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5. Financial, legal, and other implications

5.1 Financial implications

The total estimated cost of the scheme to connect Cank Street to Marketplace North, including retail units is £2.824m. This report seeks approval of a £1.4m addition to the capital programme funded by a release from the Highways, Transport & Infrastructure policy provision. The remainder of the scheme costs (£1.424m) is to be met from a transfer from the existing markets capital budget.

A provisional revenue assessment of the additional income that could be generated from the scheme, including the lease of 12 and 18-20 Market Place North is in the region of £90k to £120k. Consideration will be given whether to exercise the option to tax these properties for VAT purposes; doing so would reduce the impact on the Council's partial exemption limit from the refurbishment works.

The development of this site represents regeneration of the area rather than one which is primarily for yield. As such the Director of Finance, in consultation with our Treasury Advisors, has determined that this scheme would be permitted under Treasury Guidance, without affecting future borrowing which may need to be undertaken from the Public Works Loan Board.

Stuart McAvoy, Head of Finance, ext. 37- 4004

5.2 Legal implications

The release of capital funds is being requested is for the creation of a new public realm space that will connect Cank Street to Marketplace South. This is part of the Councils Market Place redevelopment programme.

In relation to the purchase of a new public realm space the overarching agreement will need to be reviewed to ensure compliance and help determine the programmed timescales.

The proposed works identified in this report may be subject to the Public Contract Regulations 2015-("Regulations") and the Councils Contract Procedure Rules and as such the Council's Procurement team and Legal services will need to be engaged to provide advice and ensure such works are procured in accordance with the Regulations.

Any works will also be subject to the appropriate planning and other consents being obtained and complied with.

Meera Patel, Solicitor, ext. 4069

5.3 Climate Change and Carbon Reduction implications

Commercial buildings are a significant source of carbon emissions in Leicester. Following Leicester City Council's declaration of a Climate Emergency in 2019, and the council's ambition for the city to reach carbon neutrality, tackling these emissions is a vital part of the council's work, particularly within the council's own projects where it has the most influence.

As noted within the report, sustainability is already being considered throughout this project, in terms of options to ensure the carbon footprint of the new development is minimised through a variety of options, including those specific to the nature of the new units. Alongside this, consideration should be given to reducing demolition related waste, and target a high level of recycling. Any development will also be required to follow policy CS2 of the Adopted Leicester Core Strategy and relevant building regulations as standard. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.

Aidan Davis, Sustainability Office, ext. 37 2284

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regards to the need to eliminate unlawful discrimination, harassment victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who shared a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender, reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report seeks to release funding for the creation of a new public realm space that will connect Cank Street to Marketplace South. As part of the continuing work and tendering of the scheme through the construction framework to develop the design of the retail space, we need to ensure that accessible and inclusive design concepts are taken into account, as these help to support the general aims of the PSED and will be particularly beneficial in removing barriers to participation for people from across a range of protected characteristics, with particular emphasis on disability.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

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6. Background information and other papers:

None

7. Summary of appendices:

Appendix A – Site Plan

Appendix B – Illustrative plan of a future container scheme to the rear

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

Yes

10. If a key decision, please explain reason.

Capital expenditure of over £1m is to be committed on a scheme that has not been specifically authorised by Council.

Appendix A – 12-20 Market Place



Appendix B – Indicative illustration of a 'container scheme' to the rear of 12-20 Market Place

