

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive</b>
<b>Date:</b>	<b>30<sup>th</sup> November 2015</b>
<b>Subject:</b>	<b>Holyhead Market Hall Hub: Campus development and capital funding bids</b>
<b>Portfolio Holder(s):</b>	<b>Cllr Kenneth P Hughes, Education Cllr John Arwel Roberts, Highways and Property</b>
<b>Head of Service:</b>	<b>Delyth Molyneux, Head of Learning</b>
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<b>Local Members:</b> (Caergybi Ward)	<b>Cllr John Arwel Roberts Cllr Robert Llewelyn Jones Cllr Raymond Jones</b>

<b>A –Recommendation/s and reason/s</b>
<p>The recommendations are for the Executive’s approval for:</p> <ol style="list-style-type: none"> <li>1. The designation of the Holyhead Market Hall Hub as a ‘Campus Development’, due to its emerging nature as a multiple service and user site</li> <li>2. The preparation and submission of capital bids and acceptance of grant offers from external funding bodies for the development of the Holyhead Market Hall Hub, in consultation with Finance.</li> </ol> <p>Reasons:</p> <ol style="list-style-type: none"> <li>1. The Market Hall Hub project forms an integral element of the Viable &amp; Vibrant Places (VVP) programme as a turnkey regeneration project for Holyhead town centre, approved by the Executive on 17<sup>th</sup> March 2014. The project is not anticipated to be completed until mid 2018, with further development work currently underway to clarify detailed design, operational and management issues.</li> </ol> <p>The Head of Learning is the designated SRO for the project, supported by a cross-service team including representatives from Property, Libraries, Economic Development and Planning Services.</p> <p>As a brief summary the project involves transforming a long term derelict and disused former Market Hall, a Grade II Listed Building, at the heart of Holyhead’s town centre adjacent to the main retail and commercial core. Occupying a prominent location, it has been identified as a key heritage asset for regeneration within the historic core quarter. The Campus development will involve the refurbishment and conversion of this long</p>

vacant building to house a relocated town Library, a local history centre, training and education uses and flexible spaces for other potential users, including other Council services and a 'touchdown' point for staff, as well as a potential Welsh language centre, related to the Energy Island programme. This project will enable the Council to better deliver services while meeting wider aims related to poverty, housing, education and skills agendas. The proposals include the creation of a new mezzanine level to create additional internal space to support long term viability, with a publicly accessible core and surrounding ancillary uses.

The development of the Market Hall secures a number of key benefits, beyond the regeneration of a derelict listed building, including:

- ensures a long term solution to the deteriorating condition of the existing Holyhead Library building, with a minimal capital outlay by the Council,
- provides a sizeable increase in Library floorspace with little appreciable uplift in running costs, which integrates a number of passive energy saving measures,
- frees up a site with potential 'marriage value' to the adjoining Ysgol y Parc creating added value for its disposal linked to the schools modernization programme,
- addresses likely population growth and demand, future-proofing Library service provision linked to Energy Island strategic developments
- accords with strategies and initiatives for the Town Centre and the wider economy, in which the building is identified as a turn-key regeneration project
- provides educational opportunities for telling the story of Holyhead's rich history to schools, the wider community and visitors while providing links to other locations of interest in the vicinity
- Effectively utilises external public sector funding sources to deliver the project

As part of the business planning exercise for the building, being undertaken by the same consultants who supported the creation and growth of Galeri in Caernarfon, it has become apparent that due to the variety of potential internal and external users of the building it would place an inherent burden on one service's budget (Libraries) to take the lead responsibility for management, maintenance and running the building. In line with other larger Council buildings, with multiple services offered it is recommended the building be designated a 'Campus development', with the direct involvement of the Property & Estates team.

Based on the project's Business Plan for day to day operations the Revenue implications, on completion of the capital element of the project, for the Council from Financial Year 2018/19 are considered minimal and currently estimated at £13,268 per annum. This figure is based on a 20 year maintenance plan cost and by annualizing that figure over the period leads to the estimated revenue cost. However, especially in the early years of the site's operation this level of investment is unlikely to be required. While this is an increase of c10% to the existing revenue costs in comparison to the existing current non-salary costs of Holyhead Library, these additional costs largely relate to the maintenance of the larger building, accommodating a wider range of potential Council services and external users.

Given the increase in useable floorspace from 500sqm of the current Library building to approximately 1,550sqm in the Market Hall Hub of useable space, indicate considerable economies have been achieved in costs per square metre through careful design and business planning.

This Business Plan is currently under further review, following discussions with other Council services and potential users and is being further refined to address risks, determine what further opportunities exist to potentially reduce the likely additional Revenue requirement identified and refine mitigation measures. However, in order to submit the detailed capital bid to the Heritage Lottery Fund (HLF) by the 10<sup>th</sup> December 2015 deadline, agreement is required by the Executive to this aspect of the project to provide reassurance over future management and maintenance, given the HLF's envisaged £2.375m investment in the building.

As part of the project, a three year full time post supported fully by external funding will be created to support activities and encourage the use of the building, as a principal mitigation measure to tackle potential lack of occupancy from external users. Between now and Financial Year 2018/19, when the building is envisaged to open, the Business Plan will be kept under review to ensure opportunities are maximized and risks managed, as reflected in our Master programme for the project.

The positive nature of discussions to date, even against the backdrop of changes in public services, has given sufficient confidence and creates opportunities for new forms of service delivery from Financial Year 2018/19 reflecting the transformation agenda. The revised Business Plan will underpin a detailed capital grant application to the Heritage Lottery Fund in early December 2015.

Furthermore, it is anticipated from 2020, s106 contributions of up to £400,000 from the Land & Lakes development will start to support the revenue costs and Library service provision in Holyhead, leading to opportunities for potential savings in the medium term, once the development commences.

2. The Executive on the 17<sup>th</sup> March 2014 delegated certain aspects of the VVP programme's delivery to the Board, including *b) submit individual Holyhead VVP project funding bids, and accept VVP project funding offers, subject to consultation with the Head of Finance.*

A number of external sources of funding have been identified that can support c.98% of the capital costs of the project, including VVP, the Heritage Lottery Fund, Cadw, Cymal (now MALD) and ERDF amongst others. Following the agreement of SLT in December 2014 a number of initial successful grant application submissions have been made to the principal funders. We are now preparing further detailed submissions in order to move from in-principle support to fully secure capital contributions from these various funders, who often request specific democratic authorisation as part of the application process.

The recommendation is for the Executive's approval for the preparation and submission of capital bids and acceptance of grant offers from external funding bodies for the development of the Holyhead Market Hall Hub, in consultation with Finance, in line with the proposals set out in the Capital Plan process.

**B – What other options did you consider and why did you reject them and/or opt for this option?**

While the project is not due to commence until mid 2016 and not completed until mid 2018, it is felt key decisions need to be taken by Executive to ensure the successful development of the project and in order for the Council to meet key external capital funding deadlines.

The Library Service could not sustainably operate a building of the Market Hall's scale on its own due to staffing levels. An inherent part of the business plan was to secure a mix of other internal or external users that could supplement the income and cover the additional costs of the larger building. Following positive discussions with potential internal and external users it is felt there is sufficient confidence and support to continue the development of the project as a 'Campus development'.

A 'do nothing' option was considered in which the library remained in its current premises and the Market Hall was not conserved. The current library building faces severe maintenance challenges and its retention would be likely to incur extensive costs of repair and renewal, which would not attract external funding support, and thereby the costs of which would be incurred solely by the Council and its own capital contributions across future years. This option would also leave the Market Hall under significant threat of loss and would not enable the range of benefits of the project to be realised.

**C – Why is this a decision for the Executive?**

The matter was reserved by the s151 Officer in a previous Planning & Orders Committee Report of 4<sup>th</sup> March 2015 for the Executive's approval.

Funding bodies often request specific democratic authorisation as part of their grant application process.

**CH – Is this decision consistent with policy approved by the full Council?**

Yes, this project accords with the Corporate Plan priorities:

**B Regenerating our Communities and Developing the Economy**

- **B1** The Market Hall project has been directly supported by Welsh Government's investment through the VVP in improving the infrastructure of Holyhead town centre

and potentially supporting local companies through the procurement process, as a major community benefit

- **B2** The next few years will see new opportunities as the Destination Management Plan for the Island and a range of investments open the potential for many more visitors and the renewal and growth of the visitor economy. At the moment the town has no effective tourist or visitor information offer. The Market Hall brings the opportunity to make a superb welcome point and information, as well as an introduction to the town and Holy Island, on a sustainable economic basis.
- **B4** Reusing a derelict listed building in the commercial core of the town, utilising Planning powers will remove the negative impacts and assist in securing wider community benefits through a repaired and in use key historic building.

### **C Improving Education, Skills and Modernising our Schools**

- **C2.2** Raise the standards of and modernising schools through facilitating the disposal of the existing Library site with potential marriage value; supporting the creation of the Cybi site Primary School development and synergies in operation.

### **E Transforming our Leisure and Library Provision**

- **E4** The initial stages of the revised Library model currently being consulted upon, will respond to Holyhead as the largest centre of population on the Island. The proposed project will future proof Library provision in responding to the positive impacts of the Energy Island initiative.

### **F Becoming Customer, Citizen and Community Focused**

- **F3** The current Holyhead Library building requires significant investment if it is to respond to the likely local population growth and demands. These costs would have to be borne solely by capital provision by the Council. While the proposed project creates a more integrated approach to cross service working, co-location and collaboration, while being funded through external grant.

### **D – Is this decision within the budget approved by the Council?**

Yes, the capital element of the proposals have been considered as part of the Capital Plan process and is recommended for approval on the 9<sup>th</sup> November 2015 to the Executive.

<b>DD – Who did you consult?</b>		<b>What did they say?</b>
<b>1</b>	<b>Chief Executive / Strategic Leadership Team (SLT)</b>	Fully supportive of the report.

	(mandatory)	
2	<b>Finance / Section 151</b> (mandatory)	Happy with the recommendation to the Executive that the scheme moves to the next stage.
3	<b>Legal / Monitoring Officer</b> (mandatory)	The matter is one for the Executive to decide upon and, provided there is no commercially confidential information in the report, then it may be presented as a public item.
4	<b>Human Resources (HR)</b>	
5	<b>Property</b>	Generally pleased that you have considered the long term maintenance costs for the new building, unfortunately this isn't always the case.
6	<b>Information Communication Technology (ICT)</b>	
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	
9	<b>Any external bodies / other/s</b>	

<b>E – Risks and any mitigation (if relevant)</b>		
1	<b>Economic</b>	Positive contribution to local economy expected through capital investment and adding value to town centre regeneration, and enabling redevelopment of existing library site
2	<b>Anti-poverty</b>	
3	<b>Crime and Disorder</b>	
4	<b>Environmental</b>	
5	<b>Equalities</b>	
6	<b>Outcome Agreements</b>	
7	<b>Other</b> (Corporate Assets Transformation Manager)	This development will also support what Smarter Working is trying to do about taking the service's closer to our customers which for many services are in Holyhead. What this project proposes will provide a perfect base for them, which is desperately needed, whilst at the same time helping to ensure full use of the asset.

<b>F - Appendices:</b>

**FF - Background papers (please contact the author of the Report for any further information):**

Extract of Summary of consultation, activity and business plan "A new life for Holyhead Market Hall" December 2014

Market Hall Master programme