

5-7 Market Place, Gainsborough

Project Description	5-7 Market Place, Gainsborough
Stage	Two: Scoping
Project Sponsor	Eve Fawcett-Moralee
Project Manager	Wendy Osgodby
Project Start Date	October 2019
Anticipated End Date	Jun-20



STAGE ONE: PROJECT INITIATION

What is the evidence of need, demand or gap?

5- 7 Market Place is a prominent building in Gainsborough's historic town centre. It is located adjacent to the grand Natwest Bank building and the newly refurbished Cooplands bakery. The property whilst a key heritage asset is currently in a state of disrepair and provides an excellent opportunity for restoration, setting the standard for the Market Place and how WLDC value the area. Leaving this building to fall into further decline is not an option due to the key links with the below regeneration projects and specifically the Townscape Heritage Project. In addition this project clearly demonstrates the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017.

Since the decision to market the property in 2016, it has received interest from various potential tenants and purchasers. Unfortunately all interest has been withdrawn due to the extensive structural costs and conversion limitations due to its listed building status. The property has fallen further into disrepair and it is unlikely it will be developed without this intervention.

The timing of this project is highly important, as it will be undertaken in conjunction with a transformational programme of economic regeneration within Gainsborough town centre. Including:

- Market Street Renewal Limited
- New Hotel / restaurant
- Townscape Heritage Initiative – Development Phase
- Mayflower trail
- Wayfinding strategy
- New mixed use leisure facility on the Riverside

This project will form a crucial component of a major programme of economic regeneration, helping to secure the 'historic heart' of Gainsborough at the centre of the town's future.

What is the idea?

There is the opportunity to regenerate the building utilising a blend of grant funding including; Townscape Heritage, Living over the Shop (LOTs) and Gainsborough Shopfront refurbishment grant. The building is situated within Gainsborough Town Centre Conservation Area and is listed for its architectural or historical interest. The focus of the regeneration of 5-7 Market Place will be on the viability of conversion into three flats with a ground floor commercial unit.

Lathams heritage architects were appointed to carry out a heritage survey/statement and have identified that whilst the property once had many valuable heritage features, the majority of these have been lost in the early life of the building and therefore further alterations are not envisaged to be an issue providing they are sympathetic to the original property and maintain the main feature, the frontage.

What outcomes and benefits are you trying to deliver?

In alignment with WLDC's Corporate Plan, Economic Growth Strategy 2014- 2034 and Gainsborough Town Centre Heritage Masterplan, the following benefits will be delivered:

External or community benefits

- Securing the future of a town heritage asset
- Creation of 3 x high quality unique dwellings in historic town centre increasing footfall / (24hr economy in the Market Place)
- Improve the visual appearance of the building (new shopfront) and wider Market Place making the area more appealing
- Attract a new business opportunity within the Market Place widening the existing town centre offer, Compliments / enhances the Town Centre Regeneration Programme
- Provide high quality commercial premise in prime town centre location
- Increase footfall in the historic town centre at different times of the day / (24hr economy in the Market Place)

Internal or organisational benefits

- Demonstrate WLDC's commitment to heritage-led / town centre regeneration
- Return on the initial investment in the building
- Provide a use for a building which without this intervention is likely to remain empty
- Provide a commercial return / income from the rental of the ground floor commercial space and sale of the dwellings

What risks are associated with this project?

Risk	L	I	Score	Rating
Risk 1. Unable to find a suitable solution for the redevelopment of the building	2	4	8	
Risk 2. THI monies potentially at risk due to the outcome of 5-7 Market Place	2	4	8	
Risk 3. Financial barrier to required works due to previous spend on building	2	4	8	

LIKELIHOOD	ALMOST CERTAIN (4)				
	PROBABLE (3)				
	POSSIBLE (2)				• Risk 1, • Risk 2 • Risk 3
	HARDLY EVER (1)				
		NEGLIGIBLE (1)	MINOR (2)	MAJOR (3)	CRITICAL (4)
		IMPACT			

Who are the key stakeholders of the project?

Stakeholder	Influence
WLDC	High
Businesses operating in the town centre	Medium
Visitors	Medium
Residents	Medium
Market Stallholders	Low

Are any resources required for the scoping of this project?

Type	Reason	Finance Type	Approximate Value	Funding Source	Fin-Ref

How does the project align with the Corporate Plan?

Relevant Theme	Relevant Priority	How does the project align?
Theme 3: Asset Management	To develop and maximise the return on, and value of, our land and property.	The project will create a return from the sale of the flats and the commercial premise income. Council tax and business rates will be generated from the project in addition to the above.
Theme 3: Asset Management	Maximise the benefits of our assets for our communities.	The project will improve the Market Place both visually and for increasing footfall with the introduction of a new commercial premise with a new and enticing shop front.
Theme 3: Asset Management	Utilise our land and property to facilitate inward investment.	The project will improve the economy of the Market Place enticing new and existing customers to utilise the area as well as provide new high end dwellings.
Theme 1: Open for business	To attract inward investment	This project will support the wider regeneration plans for Gainsborough Town Centre and encourage inward investment in the area
Theme 1: Open for business	To retain, support and facilitate the growth of businesses in the district	This project will provide the opportunity for a local business to operate in the town centre



Data Protection Assessment

Question	Response
Do you plan to process personal data in any of the following ways	
Use systematic and extensive profiling or automated decision-making to make significant decisions about people.	No
Process special category data or criminal offence data on a large scale.	No
Systematically monitor a publicly accessible place on a large scale.	No
Use new technologies.	No
Use profiling, automated decision-making or special category data to help make decisions on someone's access to a service, opportunity or benefit.	No
Carry out profiling on a large scale.	No
Process biometric or genetic data.	No
Combine, compare or match data from multiple sources.	No
Process personal data without providing a privacy notice directly to the individual.	No
Process personal data in a way which involves tracking individuals' online or offline location or behaviour.	No
Process children's personal data for profiling or automated decision-making or for marketing purposes, or offer online services directly to them.	No
Process personal data which could result in a risk of physical harm in the event of a security breach.	No

If you have answered yes to any of the above then you must carry out a Data Protection Impact Assessment. Please see the Data Protection Officer for more information.

Question	Response
Do you plan to carry out any of the following?	
Evaluation or scoring	No

Question	Response
Automated decision-making with significant effects	No
Processing of sensitive data or data of a highly personal nature	No
Processing on a large scale	No
Processing of data concerning vulnerable data subjects	No
Innovative technological or organisational solutions	No
Processing involving preventing data subjects from exercising a right or using a service or contract	No

If you have answered yes to any of the above then you must consider carry out a Data Protection Impact Assessment. If you decide not to carry out a DPIA, state your reasons.

Not applicable

Data Protection Officer comments:

Not applicable



Equality Assessment

Question	Response
Improve access to public services and basic amenities for elderly and disabled people through more efficient provision of Council services to sustain and improve their quality of life	No
Improve opportunities for youth to effectively engage in the community and to develop employment skills	No
Reduce mental and physical health inequalities within the district by providing support and promoting an active and healthy population	No
Promote safe and secure communities by fostering good relations between different groups of people.	No
Ensure participation and community engagement from all sectors of society for an accessible and connected district	No

Will this project have an impact on...?

- How services are delivered to the public? No
- Human Resources Policies? No

Have any aspects of your project been covered by other EIAs? No

If yes, please indicate which ones and the dates. Also indicate which new/additional aspects would be covered under this EIA.

Not applicable



Decision Process

Due-diligence

Not applicable

Decision process

Decision level	Service decision
Decision	
Date	
Board minutes/comments	
Attendees	



STAGE TWO: PROJECT SCOPING



Scoping Information

It is important to emphasise this project relates to the future of the building and does cover issues regarding previous expenditure and the purchase of the building. Please refer to Stage 4 paper relating to 5-7 Market Place.

Development of this building will strengthen the success of the aforementioned regeneration projects and complement the Council's commitment to heritage-led regeneration as outlined in the Heritage Masterplan 2017. If this building is not renovated it will fall into further disrepair, this will cause harm to the historic market place.

At present, 5-7 Market place requires approx. £1,840 per annum to retain plus any urgent repair works on an ad hoc basis however the longer it is left in its existing state the further the costs will increase. It is important to note that the structural works must be completed as a bare minimum with a cost of £160,000 in addition to the annual running costs.

Improvement proposals for the building are through a mixture of building works required for structural and maintenance purposes in addition to costs associated with conversion into flats and refurb of the ground floor premises. In addition works are required to the shop front to bring this up to an acceptable and attractive standard suitable for the historic market place located in the Town Centre Conservation Area.

Option One: Conversion of the premises to 3 x dwellings with ground floor commercial unit managed by WLDC

As 5-7 Market Place falls further into disrepair the costs for the building works are growing in addition to the empty commercial unit being contrary to the town centre regeneration strategy. It is vital for the regeneration of the Market Place that the property is renovated as soon as possible and brought back into use.

. As a total conversion project and prior to any grants being received a decent and compliant conversion into flats and a new shop front would cost of £538,500 (includes £68,500 client owned risk register). These figures indicate commercial viability is challenging, which has led to a lack of private sector interest.

WLDC have the ability to look at the long term investment opportunity as well as the wider non-financial benefits however we should be mindful that the extent of the project will have a high financial risk in comparison to the return on the investment.

Benefits

- Demonstration of the council's commitment to heritage-led regeneration which will support The Natural Lottery Heritage fund bid (£1.9m)
- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Timeframes, design, specification etc. can be aligned with the wider town centre Regeneration Strategy
- Visual improvements will support the improvements / plans for the market
- Development of high quality unique dwellings in the town centre
- The renovation works will be completed to a high standard
- Works will be completed within an agreed timeframe
- Income generation from rental of commercial unit and sale of 3 x dwellings
- Ground floor commercial premises brought back into use.
- Reduction in maintenance and insurance costs

Constraints

- Project is high risk due to refurbishment elements therefore contingency amounts can only be assumed.
- Payback period of investment is 25 years and will be funded from capital receipts net of any grants awarded.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Sale of the flats does not take place
- Contractor interest could be low due to the complex nature of the scheme.

Financial summary

Item	rent flats /lease commercial unit -Cost
Capital Expenditure	
Pre-Construction Charge	40,660
Construction	429,340
Client owned risk register	68,500
Total	£538,500
Grants	
Living Over a Shop (LOTs)	(£75,000)
Shopfront	(£15,000)
Townscape Heritage	(£72,000)
Total	(£162,000)
Total costs after grant income	£376,500
Capital Receipts	
Sale of flats £85,000 each	(£255,000)
Rental Income	
NPV of Rental Income less 10% void period (Over 25 years)	(£97,719)
Revenue Costs/Savings	
Legal and Professional Fees (Revenue)	£10,000
NPV of revenue cost/savings	(£34,363)
Total Profit	(£582)

Assumptions and Dependencies

The financial model is reliant on successful external funding applications

With the above option the payback period will be 25 years.

Valuations have been obtained by Bruton Knowles in September 19, they don't take account of any changes in market conditions (such as a new cinema).

It is hoped the £68,500 client risk register can be reduced, decreasing payback period

It is likely construction costs will be reduced, there is a strong possibility preliminaries can be shared with a nearby development.

Void periods have been assumed at 10%.

RPI has been applied to all future year income and expenditure at the current rate as of October 2019 (2.4%)

Future year cash flows have been discounted to net present value at 6%.

Revenue savings have been calculated using 2020/21 budget estimates and prior year averages.

Non-financial Benefits

The building is located at the gateway to the Market Place which is part of the historic town centre, this project will strongly demonstrate both the Council's strategy of linking heritage to growth (as sited in the Grimsey 2 report) and the wider regeneration of the town centre. The town has embarked on an ambitious programme of development including; new hotel and restaurant, development of commercial units and conversion of the upper floors into dwellings. This project will underpin future regeneration such as the development of the Lindsey Centre and cinema / leisure offer.

As the Council is in the Delivery Phase of a Townscape Heritage Initiative this project can be used as an exemplar and demonstration of our ability to be a positive custodian of buildings with a heritage value.

Risks Assessment:

If this building is not renovated it will fall into further disrepair, this will cause harm to the historic market place and wider regeneration plans for the town centre.

Option Two: Seek to identify a Joint Venture to carry out the project

The option to transfer the scheme into a Joint Venture would be on a similar basis to the project being managed in house however the risk and profit would be shared and therefore profit is unlikely but overspend is minimalised.

Benefits

- Reduced level of risk - as risk is shared
- Some level of control is retained
- Timescales can be applied for delivery therefore property does not sit empty.
- The building will be fully renovated and will complement / support the wider town centre regeneration projects
- Track record of delivery high quality regeneration schemes
- No WLDC officer time required (apart from existing resource to support (MSRL)
- High quality accommodation opportunity at an affordable price
- Ground floor premises brought back into retail use.

Constraints

Day to day management will be led by the JV partner reducing WLDC's control of the development

- It will be difficult to secure a JV partner for a scheme of this nature due to the minimal returns and complexities of the scheme.
- WLDC would need to inject a higher level of funding into the project to gain the interest of a JV partner to enable them to see a return on their investment. This in turn results in little to no financial return to WLDC.
- Listed building constraints may mean the project is not financially viable.
- If a tenant can't be found for the commercial unit the payback will not be achieved.
- Sales of the flats do not achieve the required sale value damaging the profit and lengthening the payback period.
- Profit is unlikely and any rental returns are shared if drawn down.
- Commercial Unit could remain empty if rental price is set too high by the JV

Financial summary Non-financial Benefits

Included above

Assumptions and Dependencies

The financial model is reliant on external funding which would need to be identified through an interested JV partner.

Option Three: Auction the property (sold as seen)

This option would cease our ongoing liability for the building and transfer to a third party. It has been demonstrated thoroughly that at the price current marketed price of £175,000 we will not receive a sale as outlined above.

Selling at auction could provide a quick sale and the disposal of a currently costly asset with a saving of up to £4,000 per annum in services costs. A sale is likely to generate an income of approximately £60,000-£70,000 however we need to consider that the purchaser will encounter the same issues relating to renovation as all prior interest. As a result it is likely the property will remain in disrepair and is likely to be resold.

In line with the plans for the regeneration of Gainsborough, auction must be approached with caution however we cannot ignore the fact that the return after legal fees to the council is near comparative and with less financial risk than that of in house development.

Potential profit – Estimated £50,000 immediate return

Benefits

- Property will be removed from WLDC's property portfolio, removing ongoing liability and associated costs
- A small return on the investment will be immediately seen
- Minimal officer involvement.

Constraints

- We are unable to demonstrate our ability to manage complex projects to the THI as we will be seen to have passed on the problem.
- Property is likely to remain empty
- Property could be resold quickly and then remain empty
- The property falls further into disrepair as costs of building works are not understood by buyer therefore works do not commence
- An empty and run down building in the historic Market Place contradicts all other plans / visions for the town centre and potentially reduces the likelihood of other investment in the area due to lack of developer confidence
- The urgent structural repairs remain and therefore the building will become a health and safety risk to the Market Place in time.

This option does not demonstrate a commitment to heritage-led regeneration, it is unlikely that any solutions would fit in the Gainsborough Regeneration Vision.

Recommended option

Option One

Decision level

Land and Property Forum

Project team

Title	Role	Name	Relevant qualifications/ experience?	Additional training requirement
Project Sponsor	Responsible	Eve Fawcett-Moralee	Yes	Not applicable
Project Manager	Accountable	Wendy Osgodby	Yes	Not applicable
Financial Services Business Partner	Accountable	Tracey Bircumshaw	Yes	Not applicable
Business Change Manager	Accountable	David Kirkup	Yes	Not applicable
Service Matter Expert	Accountable	David Kirkup	Yes	Not applicable
Service Matter Expert	Consulted	Liz Mayle	Yes	Not applicable

Considerations

Area of expertise	Officer Name and Organisation	Officer Comments
Assets and Facilities	David Kirkup	Agreeing the technical specification, contract and technical project management
Corporate Systems Group	Not applicable	-
Commercial/Business Development	Not applicable	-
Communications/Marketing	Not applicable	-
Customer Services	Not applicable	-
Enterprise Board	Not applicable	-
Equalities/Consultation	Not applicable	-
Health and Safety	Not applicable	-
Human Resources	Not applicable	-
Information Governance/CIGG	Not applicable	-
Legal/Insurance	Euan Gibson – Lincs Legal	Conveyancing services for the sale of the flats and leaseholds.
Member approval	Katie Coughlin/Tracey Bircumshaw (WLDC)	<p>The Financial procedure rules state that the Capital Programme is only an approval of the budget and not approval of the spend.</p> <p>A report is required to CP&R (or dependent on the value/political interest/size of the scheme a narrative in our Qtrly Budget Monitoring - Capital Update report) detailing the scheme proposals, the financial implications of the various elements of the scheme providing the total expected spend and funding options.</p> <p>The recommendation is then for the approval of the scheme and expenditure.</p>
Procurement/Contracts	Anna Grieve (WLDC)	To facilitate and monitor the procurement of the contractor and design services.

Area of expertise	Officer Name and Organisation	Officer Comments
Sundry Debtors	Not applicable	-
Development Management	TBC	Planning approval for change of use

Scoping inclusions

Section	Include	Comments
Equality Impact Assessment	No	
Privacy Impact Assessment	No	
Data Protection Impact Assessment	No	
Commercial Considerations	No	
Financial Considerations	Yes	Full financial analysis contained within project documentation

Procurement Strategy

Due to the specialist nature of this scheme it is proposed the refurbishment is procured using a framework agreement, this will allow the opportunity to work closely with the selected specialist contractor to share aspirations and gain clear projects outcomes.

The procurement is split into two sections, allowing for a greater understanding of any project costs and risks before entering into a full construction agreement. For committing to the £40k pre-con fee (which includes £25k worth of external design) WLDC will effectively have a fully compliant design, a market tested and fixed price after working through the unknown points included in the risk register and a developed programme to allow us to prepare a Delivery Agreement (build contract). The PCDA will be a formal contract with defined cost, scope & timescales purely for the pre-construction aspect of the project.

Deliverables

What are we trying to achieve?	Baseline performance	Desired performance
A return to WLDC on the investment into the Market Place Building	-	
Provide additional dwellings to the town centre	-	
Provide a new business opportunity within the Market Place	-	
Improve the frontage of the building to give better appeal to the market place	-	
Provide an income from the rental of the ground floor shop/office space	-	

Risk Management

Risk	L	I	Score	Mitigating Action
Risk 1. Unable to find a suitable solution for the redevelopment of the building	2	4		The use of a heritage architect allows identification of a suitable solution for the project.
Risk 2. Financial barrier to required works due to previous spend on building	2	4		The property will continue to fall into disrepair and become a safety hazard to the Market Place should sufficient works not take place therefore previous spends need to be discounted at this stage.
Risks of Proceeding:				
Risk 3. Flats do not sell for the values allowed for in the financial strategy	2	3		The flats have been valued by Bruton Knowles, they will be valued again at the end of the project to take account of any changes in the market. If the flats remain unsold we will look at the option to rent out the flats to cover the expenditure.
Risk 4. Build costs exceed the estimates received and therefore costs increase.	2	3		The project is envisaged to be competitively tendered with no contracts being signed until contract sums are agreed. Contingencies have been allowed for additional costs to cover unforeseen items. WLDC dedicated officer will work with the contractor to manage the project.
Risks of Not Proceeding				
Risk 5. The building falls further into disrepair with the structural issues creating a health and safety risk.	4	4		As a bare minimum the structural issues must be addressed however the costs to do this as a standalone project are £7000 higher than if they are carried out as part of a main overhaul. Without major intervention the property will require further and further urgent repairs of which we will see no benefit.
Risk 6. Reputation – The property is identified as a WLDC asset by the public and therefore is seen as we do not stick to our own promises for regeneration and Economic Growth	2	3		In proceeding with the project we demonstrate our ability to improve and regenerate the Market Place as per our corporate plan.

LIKELIHOOD	ALMOST CERTAIN (4)				• Risk 6
	PROBABLE (3)				
	POSSIBLE (2)			• Risk 4, • Risk 7	• Risk 1, • Risk 2 • Risk 5
	HARDLY EVER (1)				
		NEGLIGIBLE (1)	MINOR (2)	MAJOR (3)	CRITICAL (4)
IMPACT					

Stakeholder Management

Stakeholder	Influence level	Relationship	Expectations	Communication	Action plan
WLDC	High	Process Owner	• Minimal disruption	Meet with regularly	• Build into coms plan

Stakeholder	Influence level	Relationship	Expectations	Communication	Action plan
			<ul style="list-style-type: none"> Enhanced town scene 		<ul style="list-style-type: none"> Follow governance procedures
Neighbouring businesses	Medium	Customer	<ul style="list-style-type: none"> Minimal disruption Enhanced town scene 	Informal/casual involvement	<ul style="list-style-type: none"> Build into coms plan
Visitors	Medium	Customer	<ul style="list-style-type: none"> Minimal disruption Enhanced town scene 	Informal/casual involvement	<ul style="list-style-type: none"> Build into coms plan
Residents	Medium	Customer	<ul style="list-style-type: none"> Minimal disruption Enhanced town scene 	Informal/casual involvement	<ul style="list-style-type: none"> Build into coms plan
Market Stallholders	Low	Customer	<ul style="list-style-type: none"> Minimal disruption Enhanced town scene 	Informal/casual involvement	<ul style="list-style-type: none"> Build into coms plan

Key milestone(s)

Stage	Milestone	Proposed Delivery Date	Owner
Two	Start of pre-construction stage	Jan 20	W.Osgodby
Two	Start of Construction stage	April 20	W.Osgodby
Three	Works completed	Sept 20	W.Osgodby

Dependencies

Project/work area	Relationship	Monitoring Method
z\	Following a successful funding bid to the National Lottery Heritage Fund, it is the vision that 5 – 7 Market place will be used as an exemplar project to demonstrate our ability to deliver high quality historic building renovation projects that demonstrate to the residents of West Lindsey we are commitment to the redevelopment and of that area.	Project Team involvement in both projects

Communications/Consultation Plan

Key Messages		
Target audience	Key messages	Channels
TBA		

Resource Management

Resource type	Required activity	Resource agreed?	Built into project plan?
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Commercial Considerations- not applicable



Project Finances

Capital expenditure

Year One	Year Two	Year Three	Year Four	Year Five	TOTAL
£40,660	£497,840	£	£	£	£538,500

Financing option

Option	Applicable?	Value
Capital Receipts	Choose an item.	£376,500
Reserves	Choose an item.	£
Borrowing	Choose an item.	£
Capital grant unapplied	Choose an item.	£
Section 106	Choose an item.	£
Grants		£162,000
TOTAL		£ 538,500

Revenue Implications of Capital Programme

Yes

Revenue Implications of Project

Yes

Revenue Implications

Revenue	Year One	Year Two	Year Three	Year Four	Year Five
Income			(£6,000)	(£6,000)	(£6,000)
Expenses			£10,000		
Capital Financing					
TOTAL			£4,000	(£6,000)	(£6,000)

Cost centres affected

IN08 Investment Properties
 ET02 Economic Regeneration

Reserves affected

Capital Receipts will finance the balance of capital investment after use of grant funding to the amount of £162k.

Opportunity costs

Resource	Days	Costs
-		

Commercial costs**Funding opportunities**

Living Over a Shop (LOTS)	£75,000.00
Shopfront	£15,000.00
Townscape Heritage	£72,000
Total	£162,000.00

Comments

Approval of CP&R will be required for the Budget and approval to spend £538,500 to deliver this scheme

**Supporting Information**

Document	Included?
Detailed financial analysis	Included in documentation
Full project plan	Included in documentation
Communications Plan	Not applicable
Marketing Plan	Not applicable
Stakeholder Assessment	Not applicable
...	

**Decision Process****Gate way review and recommendations**

Is the project still relevant?	Yes
Does the project still align with Corporate Plan?	Yes
Recommendation	Proceed
Comments	
Date	14 Oct-19

Finance sign-off

FIN-REF	FIN/114/20
Recommendation	Proceed
Comments	Approval of CP&R will be required for the Budget and approval to spend £538,500 to deliver this scheme
Officer	Josh Alcock
Date	18/10/2019

Sponsor sign-off

Recommendation	Choose an item.
Comments	
Date	

Portfolio Board

Decision	Choose an item.
Board minutes/comments	
Date	
Attendees	

