

To: Cabinet
Date: 8 February 2023
Report of: Executive Director (Development)
Title of Report: **Implementing the Covered Market Masterplan**

Summary and Recommendations	
Purpose of report:	To seek approval to fund and enter into contracts for the detailed design works, planning and construction of major improvements to the Covered Market in line with the recently completed masterplan
Key decision:	Yes
Cabinet Members:	Cllr Susan Brown (Inclusive Economy and Partnerships); Cllr Ed Turner (Finance and Asset Management); Cllr Alex Hollingsworth (Planning and Housing Delivery)
Corporate Priority:	Foster an Inclusive Economy Support thriving communities Pursue a Zero carbon Oxford
Policy Framework:	Council Strategy 2020-2024

Recommendations: That Cabinet resolves to:	
1.	Approve the Covered Market Masterplan and concept proposals;
2.	Delegate authority to the Executive Director (Development), in consultation with the Council's Section 151 Officer, the Head of Law and Governance, and the Cabinet Members for Inclusive Economy and Partnerships, Finance and Asset Management, and Planning and Housing Delivery, to finalise the scope of works, undertake the necessary procurements, and enter into all contracts for the detailed design, construction works, and all associated professional services, for the regeneration of the Covered Market within the agreed budget;
3.	Subject to Council approval of the Budget, to authorise to spend a capital budget of £6.87m starting in 2023-2024, to deliver the project. (The recommendation to Council to create this budget is part of the Budget report, elsewhere on this agenda); and
4.	Approve the payback of previously spent feasibility funding (£167,000) into the feasibility budget.

Appendices

Appendix 1	Gort Scott Final Feasibility Report for Masterplan and Marcus Beale Architects heritage assessment
Appendix 2	Outline Business Case
Appendix 3	Exempt Appendix 3 – Not for Publication
Appendix 4	Key stakeholder responses and full list of engaged organisations
Appendix 5	Equalities Impact Assessment
Appendix 6	Exempt Appendix 6 – Not for Publication

Introduction and background

1. The Covered Market (“the Market”) has been at the heart of Oxford’s city centre since its foundation in 1774. It has always been in public ownership, with Oxford City Council (“the Council”) the freeholder and operator since the start of the 20th century. Its significance spans heritage, culture, and commerce, as one of only a handful of 18th century covered markets in England which has been continuously trading (bar any enforced pandemic closures).
2. In 2019 the Council identified that several work streams were required in order to ensure the Market could address the challenges it was facing on several fronts and to preserve its status as Oxford’s jewel in the crown well into the future: leasing strategy; activation and animation; marketing; capital works; environmental sustainability; masterplan.
3. A heritage-led “masterplan” was required in order to arrive at a recommended programme of works to improve the business environment and ensure the Market remains fit-for-purpose for many years into the future and continues to provide a unique experience for residents and visitors alike alongside providing a financial return to the Council.

The “Masterplan” project

4. In early 2020, the Council procured a multidisciplinary team to deliver a ‘heritage-led masterplan and outline business case’. This was led by Gort Scott Architects, supported by a team including Marcus Beale Architects (Heritage experts), Max Fordham (Environmental engineers), engineersHRW (Structural engineers), Stockdale (Quantity Surveyors), Caneparo (Transport consultants) and Transition by Design (Local engagement experts) as well as a separate advice on the outline business case provided by Inner Circle Consulting.
5. Early on in the project, the project team agreed a set of six ambitions, which would be used to hold the rest of the project to account – these were also agreed by key stakeholders, including Covered Market Traders:
 - Inclusivity – make an inclusive place in the heart of Oxford that is accessible for all, where everyone can be part of the story of the city.
 - Sustainability – make the Market a model for sustainability and support Oxford’s Zero Emission Zone for current and future Traders.
 - Evolution – support the evolution and long-term success of the Market so it is resilient, lively and purposeful, a place where new approaches are piloted, new businesses are incubated, and which continues to adapt to change.

- Increase footfall – encourage more people to visit the Market and to stay longer when they do, through improving the connections with the surrounding streets and optimising the use of space within the Market.
 - Heritage – reveal the heritage splendour of the Market building and preserve the historic building for future generations of shoppers and Traders.
 - Distinctiveness – strengthen the Market’s distinctiveness with independent, local businesses and dynamic start-ups, and make the offer more relevant to Oxford’s diverse communities.
6. Furthermore, an underlying requirement for this project is that it should result in *deliverable* improvements to the Market. This consistent message has resonated internally, as well as with stakeholders and the general public. There is no interest or utility in a visionary set of proposals which for one or multiple reasons is very unlikely to be achieved in the coming years. The challenge for the project has therefore been to ensure it is transformative enough in order to be worthwhile for everyone who cares about the Market, but also realistic enough that it is likely to be implemented and therefore bring about the positive change everyone wants.
7. The concept Masterplan, which is recommended for approval by Cabinet, is explained in detail in **Appendix 1** (the Gort Scott Final Feasibility Report for Masterplan), which incorporates the latest design adjustments made in November 2022. The overview of the Masterplan proposals is shown on p13 of Appendix 1. It sets out five key moves, which have been developed alongside Traders and other key stakeholders, as the best way to achieve the project objectives within the project’s budget. Prior to the key moves, opening up works and exploratory strip out will be required:
- Key move 1: Market Street Management Strategy – Timed pedestrianisation of Market Street with the implementation of scheduled deliveries
 - Key move 2: Reorganised service yard – Rationalisation of service yard with addition of E-vehicle and electric cargo bike charging. New trader storage and facilities
 - Key move 3: Northern edge – New communal opening onto Market Street, relocated public WCs and new public cycle store
 - Key move 4: Improved entrances – Refurbishment of entrances to High Street & Cornmarket Street
 - Key move 5: Key Supporting works – Essential planned maintenance as well as new flooring, making good of surfaces, redecorating etc.
8. The sections below outline in more detail how the recommendation to proceed with this set of proposals evolved through ongoing engagement and technical work. The final recommended series of works is a refinement, based on ongoing stakeholder engagement, of what is referred to as “Option 3” or “Major Change” in the Outline Business Case section.
9. At this stage the proposals are in concept form and would be subject to detailed design and further cost and viability testing, as well as further consultation, including through the planning pre-application stage. As such, the sign off of the final designs is recommended to be delegated to officers, in consultation with the relevant Cabinet members, as per the recommendations above.

Outline Business Case

- 10. Inner Circle Consultants were appointed to provide expert external advice on the Outline Business Case (OBC) for the Masterplan. The purpose of the OBC is to set out the case for the proposals in a robust way and supporting the project to move on to an implementation phase subject to decision-making.
- 11. The OBC is available at **Appendix 2**, with the Financial Case available as **Exempt Appendix 3 – Not for Publication** (confidential due to containing commercially sensitive information). Its executive summary is incorporated in this report in the following paragraphs:

The Strategic Case

- 12. This section establishes the strategic context and the case for change and is covered in section 2 of **Appendix 2**.
- 13. The Market is at risk of entering a period of managed decline if the historic building falls into disrepair and fails to cater to the shifting demographics and priorities of its visitors. It also risks declining rental income if it does not keep pace with the needs of current and potential market traders.
- 14. Based on the commercial agent GCW’s advice and internal discussions, it is understood that implementing the leasing strategy adopted in 2021 (most notably evolving the mix of uses, using a wider variety of lease types and extending the opening hours) will improve the vitality of the Covered Market but will not be sufficient without the significant tangible changes to the Market included in the masterplan proposals.
- 15. Three key moves are required:
 - pedestrianisation of Market Street for as much of the day as possible;
 - improved entrances and wayfinding; and
 - the creation of a new large communal area.

The common goal of these moves is to generate increased footfall and dwell time, improving the vibrancy and vitality of the Market. All other project objectives (heritage, accessibility, environmental sustainability, innovation, distinctiveness) are only possible if the footfall and dwell time at the Covered Market is improved.

- 16. The masterplan is also consistent with Oxford’s Local Plan, Corporate Priorities and will help to deliver the City Centre Action Plan. It will also be a significant step towards preserving the Market’s significant historical and heritage value.

The Economic Case

- 17. This case sets out the options appraisal, which considers four different masterplan options. There is more detail in section 3 of **Appendix 2**.
- 18. The four options considered are:

1 Do Nothing
2 Do Minimum: Business as Usual <ul style="list-style-type: none"> • Implementing the 2021 Leasing Strategy • Undertaking essential repairs and maintenance only
3 Major Change: Masterplan-led works focused on ‘key moves’ <ul style="list-style-type: none"> • Large communal area on Northern edge and relocation of public toilets (requires permanent relocation of 4 Traders) • Signage improvement to Golden Cross and more substantial improvements to High Street entrances • Light touch pedestrianisation experiment

- Northwest corner works that remove no units
- Essential baseline works
- Rationalise service yard and add storage
- Leasing strategy
- Essential planned and preventative maintenance as part of masterplan and then medium Asset Management & Maintenance Plan ongoing

4 **Maximum Change: Maximal masterplan-led works**

- Large communal area on Northern edge and relocation of public toilets (requires permanent relocation of 4 Traders)
- More substantial works to Golden Cross and High Street entrances
- Full pedestrianisation of Market Street works
- Northwest corner works to remove units and rationalise layout (requires relocation of another 4 Traders)
- Implement capital-focused environmental strategy and remove shopfront encroachments to bring the line of the units back to historic alignments
- Medium or Maximum baseline works, including more substantial interventions throughout the Market at all heights, inside and outside of units
- New build on service yard
- Leasing Strategy
- Major Asset Management & Maintenance Plan

19. The Economic Case describes each option in more detail, outlines the strengths, opportunities, weaknesses and threats for each, before reviewing them against the six project objectives outlined at para 5, as well as the fit with local, regional and national strategies, benefits optimisation, potential achievability and affordability.
20. Given the listed status of the building and its evolving uses over centuries, including the accumulation of different services and materials, any decision about masterplan-led works also needs to consider the right approach to asset management at the same time. Aesthetic and place-making improvements to the Market should be accompanied by more reliable services and a long-term approach to replacement and upgrade, which sustains the heritage asset. The right level of asset management investment is a judgement call, which needs to balance heritage, operational and financial concerns. If too little investment is made in the short-term, then it will merely store up a more major disruptive investment later. Equally, if too much investment is made up front, then the masterplan-led works may be too disruptive and unaffordable.
21. The Project Board has identified that Option 3 / 'Major Change, which focusses on essential works and place-making, best balances the Council's financial considerations, investment objectives and heritage preservation. The option includes a light pedestrianisation experiment on Market Street, a large communal area for seating as well as pop-up stalls on the northern edge of the Market, and wayfinding improvements at building entrances. It also assumes that the leasing strategy adopted in 2021 is implemented well and there is an ongoing commitment to asset management and maintenance.
22. Other options were found to be deficient in different ways:
 - Option 4 represents changes that, while desirable, are also not deliverable due to major issues around finance, ownership and disruption. Some components of Option 4, such as a full pedestrianisation project, could be pursued in the future if the initial pedestrianisation experiment proves successful. Similarly, the environmental strategy and associated works could be pursued if Phase 1 improves the financial outlook of the Market or if more funding becomes available.

- The impacts of pursuing Option 1 (financially, economically, socially and in heritage and cultural terms) would be damaging, realistically termed ‘managed decline’. Therefore, it is discounted as a viable option.
- Option 2 is therefore the only plausible alternative to Option 3 at this stage. It involves a commitment to running the Market well and looking after it, with decreased up-front financial risk. However, it carries a longer-term financial and economic sustainability risk for the Market, as it assumes the Council as Landlord does not implement any strategic or proactive interventions.

The Commercial Case

23. The purpose of the commercial case is to demonstrate that a viable procurement strategy between the public sector and service providers is in place for the preferred option for the improvement works.
24. If some Market Street works are expedited (see **Appendix 1** pages 14-20 and 41-42; and Management Case below for more info), it is expected that Oxford Direct Services Limited will be commissioned as general contractor subject to contract. Whereas, for the main part of the project, due to the range, scale and specialisms of the works required to the Grade II-listed Covered Market itself, the Council will follow its standard procurement route and contract rules.

The Financial Case

25. The purpose of the financial case is to ascertain the affordability and funding requirements of the preferred option. The Financial Case is included in **Exempt Appendix 3 – Not for Publication**, with the key points summarised in the ‘Financial Implications’ section in paragraphs 36-40 of this report.

The Management Case

26. The purpose of the Management Case is to set out how the preferred option will be managed, associated timescales, how benefits will be monitored and achieved, and the risk management approach. There is more detail in section 5 of **Appendix 2**.
27. The management and delivery of this masterplan is recommended to proceed, expediting experimental work relating to Market Street, while works to the main building itself will require more planning, detailed design and more complex statutory permissions before proceeding to implementation. The final decision about whether to take this “twin track” approach should be included early in the next phase of work, following the recommended delegations, guided by advice from both City and County councils.

OBC findings and Recommendations

28. Overall, the OBC generates a recommendation that the “Major Change” option is progressed in order for the Market to remain vibrant and economically viable for many decades into the future. This option best balances the Council’s financial considerations, investment objectives and heritage preservation. The preferred option requires significant short-term investment but pays for itself in the medium term (beyond the Medium Term Financial Strategy) and starts generating a revenue surplus in the cash flow projection. This option is the only masterplan option with a reliably positive financial outlook across the lifespan of the long-term fiscal plan.

Stakeholder Engagement

29. Extensive stakeholder engagement has been undertaken throughout the development of the Masterplan proposals. This is a significant factor justifying the project team’s recommendation to proceed with the latest Masterplan proposals, as

they have been informed by stakeholders, including the Covered Market Traders, adjacent landowners such as the University's colleges, the new Market Street GP surgeries, Oxfordshire County Council and Oxford City Council Transport strategy and Planning officers, Historic England and National Amenity Societies, Oxford Preservation Trust and Oxford Civic Society.

30. There has been broad consensus on the key points throughout the project:
 - In early 2021 – support for the six project ambitions.
 - In late 2021 – support for the principle that “doing nothing is not an option” and that the “three big changes” and supporting works were required for delivering benefits across the Market.
 - In summer / autumn 2022 – support in principle for the Masterplan taken to public consultation including “three big moves” and supporting works, as a deliverable plan for creating the sort of positive changes needed throughout the Market.
31. Different stakeholder groups (and individuals within those groups) clearly had nuanced feedback, areas of potential concern or themes which have required more focused work during the project to date. These are summarised in **Appendix 4** – key stakeholder responses and full list of engaged organisations. Engagement with stakeholders, statutory and otherwise, will continue in the next phase of the project and detail of the proposals may then change accordingly.

Public consultation

32. Public consultation ran from 10 September until 23 October 2022, a period of just over six weeks. There is a full analysis of its conclusion available on request.
33. The in-person and virtual consultation was seeking to gather the widest possible public response.
 - We received 476 responses to our online consultation survey.
 - More than 300 people spoke to officers at one of the public drop-in sessions or at the online event.
 - More than 50 stakeholders, including Covered Market Traders, attended group or individual sessions or filled out the consultation.
 - Historic England, Oxford Preservation Trust, Oxford Civic Society, Cyclox, Brasenose College (on behalf of the retail-owning colleges including All Souls, Corpus Christi, Exeter, Jesus, Lincoln, Oriel and Trinity) shared their views separately over email.
 - Several councillors responded.
34. There was clear support for the masterplan proposals – both at an individual level and when taken together as a holistic plan:
 - 66% of respondents strongly agree or agree that the Covered Market needs all these proposals as part of a single plan (versus 15% who strongly disagree or disagree).
 - The element of the proposals which had the most support was the proposed change to Market Street: 81% of respondents strongly agree or agree that a more pedestrian-friendly area on Market Street will encourage more visitors to the Covered Market.

- There was majority agreement that our proposals deliver against all six of the project ambitions, apart from for sustainability.
- The people responding to the public consultation were primarily regular customers and visitors, and they come for a variety of reasons, although not many from the less engaged or under-represented groups responded.

35. The implications of the public consultation results:

- The officer recommendation to take the masterplan proposals to the next stage of work is supported by the public.
- The next stage of work (detailed design and onwards) should review the detailed comments from the consultation portal and stakeholders, so that more attention can be focused in relevant areas, including: the right mix of activities on Market Street and the communal area; more explanation of the value of improving entrances, toilets and cycle storage; more work on improving the environmental sustainability implications of the proposals.
- The next stage of work, which would include at least one period of statutory public consultation, should endeavour to incorporate the views of a more diverse range of people.

Financial implications

36. The financial implications for the Council are described in **Exempt Appendix 3 – Not for Publication**, the Financial Case of the OBC.

37. The cost plan outlines projected construction costs and preliminaries with inflation and a 20% contingency incorporated. The preferred masterplan option is estimated to cost £5,217,000 with an additional £1,283,000 for essential supportive building maintenance works also included in the overall requested budget allocation, reaching a total capital cost of £6,500,000.

38. The total budget recommended in this paper is more than the construction cost, as there are extra categories included:

MTFP-approved budget allocation	Extra funds expected from S.106 contribution	Repaying feasibility funding	Total
£6,500,000	£200,000	£170,000	£6,870,000

39. If the overall capital budget allocation is approved, then the indicative spend profile in financial years is currently as per below, subject to necessary adjustments in the future phase of works:

Financial year	2023-2024	2024-2025	2025-2026
Capital programme	£670,000	£3,000,000	£3,200,000

40. The Financial Case of the OBC in **Exempt Appendix 3 – Not for Publication**, demonstrates how the borrowing required to deliver the concept proposals set out in the masterplan can be paid back within a satisfactory period of time. Although the Covered Market masterplan works will not generate a cumulative surplus in the short- or medium-term, over the long-term the Market's income will more than offset

the original investment costs. The preferred masterplan option is the only option that provides confidence in eventual payback. When compared to a ‘Do Nothing’ option the masterplan generates additional revenue for the Market and crucially it ensures that the building remains fit for purpose and generates wider social value without producing long-term costs or loss of revenue for the Council.

Equalities impact

41. Inclusivity has been one of the six guiding ambitions of the project from its inception, as per paragraph 5. The recommended Masterplan proposals have been found to be significantly positive from an accessibility perspective, including for those with protected characteristics. This is shown in the Gort Scott assessment in their final report (page 38 or **Appendix 1**) and in the Equalities Impact Assessment (**Appendix 5**). Engagement in 2021 and 2022 (most notably with the City Council’s Inclusive Transport and Movement Focus Group and with the GP surgeries on Market Street) has highlighted a list of issues which would require further attention in the next phase of work.
42. All procurements associated with implementing the masterplan vision will deliver significant supply chain social value, following the November 2022 adoption of a new procurement strategy which places 10% of procurement score weighting on social value.
43. Covered Market Traders have received particular attention through the project process to date. With a dedicated “Trader Charter” in place (more information in **Appendix 4**), ongoing work on the project will seek to improve the overall trading environment in the Market.

Carbon and Environmental Considerations

44. Environmental sustainability has been one of the six guiding ambitions of the project from the start, as shown in paragraph 5. The retention of the historic market is a key benefit of the proposals but in retaining the building’s historic fabric there are some sustainability measures that would not be suitable or appropriate. The Gort Scott final report (**Appendix 1**) summarises the extent to which the recommended Masterplan proposals deliver tangible benefits on this theme:

Sustainability objective	Extent to which recommended Masterplan proposals address
Facilitate low- and zero-emission movement to and from the Market	Electric cargo bikes for trader deliveries supported and a rapid charging point for traders’ Electric Vehicles Improved & increased public cycle storage Experiment to make Market Street more pedestrian-friendly should increase % and amount of journeys to the Market by walking and cycling
Minimise energy consumption and support passive strategies for heating, cooling and energy use	Improvements to energy use are limited Natural light has been introduced to areas of the market Communal / landlord lighting to be upgraded to LEDs with appropriate controls. Will seek use of alternative funds (e.g. Salix) as necessary

	Consider other improvements in energy efficiency for landlord supplies e.g. basement ventilation system
Low-carbon retrofitting	The masterplan makes use of existing structures with limited new building work
Support a circular economy and sustainable Market ecosystem	Increased emphasis on recycling and more environmentally-friendly waste management encouraged by service yard changes
Introduce more planting and nature	Inclusion of planting in the masterplan with 6 new trees

45. The Council has limited ability to introduce carbon and sustainability improvements to the fabric of the Covered Market, because it is not communally heated or cooled (it is open to the elements) and the vast majority of energy use and heating is the responsibility of Tenants. The Council's 4th Carbon Management Plan (CMP) sets an ambitious carbon reduction target to achieve net zero by 2030 for the Council's estate and operations, including all buildings where the Council pays the energy bill. The CMP also commits to better understand, tackle and measure scope 3 emissions (including carbon emissions resulting from the Covered Market's energy use, where the Council doesn't pay the energy bill and has less direct control) to achieve net zero by 2040. Progress against this commitment will be continued for the duration of the current CMP between now and 2030. The preferred masterplan proposal makes a significant contribution towards more sustainable transport movements on Market Street.
46. Through the feasibility process, some environmental improvements were investigated and then discounted, as they weren't viable financially or because they stepped beyond the Council's sphere of control as landlords. Examples include the improvement of insulation of the Market units, as well as mechanical ways to improve ventilation in the summer and reduce ventilation in the winter. The Council will therefore continue to investigate grant-funding opportunities which may make some of the more expensive environmental improvements possible in a future phase of works beyond the current masterplan proposals. If no further funding is possible the measures outlined above will be an improvement on the current situation and the project brief, the recruitment of consultants, the project team and the overall operating plan for the Market will in any event continue to prioritise environmental sustainability as one of the six project ambitions.

Legal issues

47. Any procurement of goods and services for the purposes of improving the Covered Market will be in accordance with the Council's constitution and procurement procedures complying with The Public Contracts Regulations 2015 for such, including ensuring that best value is achieved.
48. The summary of the Commercial case (at paragraph 24), indicates that the proposal is to use Oxford Direct Services Limited (ODS) to deliver stage 1 of the project – the temporary works to the highway on Market Street. Officers shall be mindful to comply with Part 19.11 of the council's constitution in undertaking the proposed

procurement, as this specifically addresses the rules around commissioning Oxford Direct Services Limited for one-off capital schemes.

49. Officers should also note, provide and publish Key Decisions and/or Executive Decisions with regards to the contract packages to be let out under this proposal.
50. The Council will need to put in place new lease arrangements with tenants who are asked to permanently relocate or whose business is temporarily closed at the request of the landlord.

Level of risk

51. As a capital project relating to a historic market, home to more than 60 businesses, moving from the feasibility to the detailed design and then delivery phase inherently carries risks. The risk register at **Exempt Appendix 7 – Not for Publication** outlines the main risks and their mitigations.

Next steps

52. If Cabinet approves the budget allocation, then the project manager will be responsible for developing and then implementing the plan contained in the Management Case of the OBC (outlined in section 5 of **Appendix 2**), guided by a project board and with the oversight of senior officers through the Development Board processes. It is anticipated that procuring the required consultant team could happen in Q1 of the 2023-24 financial year.
53. The timings for implementation therefore will start to firm up once the consultant team are on board. However, the intention is to begin detailed design and engagement as soon as possible. This is so that, subject to statutory permissions, implementation works could commence in 2023 or 2024 and be staggered and sequenced in the least disruptive way with a view that all masterplan-related works could be completed in 2026.

Conclusion

54. The project team recommends £6.7m additional investment in the Covered Market (as outlined in paragraphs 36-40 and the **Exempt Appendix 3 – Not for Publication**), in order to deliver transformative change which is needed and which will bring benefits to everyone with a stake in the Market. The recommendation to approve and implement the concept masterplan (outlined in paragraph 7 and explained in detail in **Appendix 1**) has been arrived at after more than two years' of technical and engagement work. Resolving the final detailed designs and plans and then implementing the approved changes will require considerable ongoing effort too, from elected members, council officers, Market Traders, local landowners and the consultants and contractors who end up delivering the works, subject to approval of the recommended delegations. However, the work to date has established that the proposed changes will bring about the greatest possible public benefit and will be a significant commitment from the Council to the long-term future of the "jewel in the crown" of Oxford's city centre.

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