

To: Cabinet
Date: Date of the meeting 5th February 2025
Report of: Executive Director - Development
Title of Report: Covered Market masterplan funding and delivery.

Summary and recommendations	
Purpose of report:	To seek approval to the revised masterplan and business case and additional funding to deliver the Covered Market Masterplan.
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner, Cabinet Member for Finance and Asset management Councillor Alex Hollingsworth, Cabinet Member for Business, Culture and an Inclusive Economy,
Corporate Priority:	Strong, fair economy, Thriving communities, Zero carbon Oxford
Policy Framework:	Our Council Strategy 2024-28
Recommendation(s): That Cabinet resolves to:	
<ol style="list-style-type: none"> 1. Subject to Full Council approval of the proposed increase of £1.086m in the capital budget for the project (in addition to the capital budget of £6.87m approved in 2023) as part of the Budget setting in February 2025, Approve the revised masterplan and business case. 2. Delegate authority to the Deputy Chief Executive Place, in consultation with the Council's Section 151 Officer and the Director Law, Governance & Strategy, and the Cabinet members for Finance and Asset Management and Business, Culture and an Inclusive Economy to finalise the scope of works, undertake the necessary procurements, and enter into all contracts necessary for the detailed design and constructions work and all associated professional services to deliver the regeneration of the Covered Market within the agreed budget, where powers are not already delegated within the constitution. 	

Appendices	
Appendix 1	Revised Covered Market Masterplan by Gort Scott/Gleeds
Appendix 2	Outline Business Case
Appendix 3	Exempt Appendix 3 – Not For Publication
Appendix 4	Equalities Impact Assessment
Appendix 5	Exempt Appendix 5 – Not For Publication

Introduction and background

1. The Cabinet previously approved delivery of the Covered Market Masterplan on 12th February 2023 and a capital budget of £6.87m was approved by the Full Council on 16th February 2023 and included in the Council budget 2023-24. This included recognition of the need to ensure deliverable improvements to the Market that are transformative enough to be worthwhile and increase footfall and improve dwell time to optimise the use of the Market.
2. This report proposes enhancements to the original masterplan for a major works programme coinciding with the Market's 250th anniversary and which continue to support the core aims of the market to be a place that can support a diverse range of traders in the heart of Oxford. The proposals are a continuation of the evolution of the market and a process which has helped it maintain its vital function since its inception.
3. The 2020 leasing strategy makes it clear that the market will continue to be a destination for local independent retailers; and will maintain a mix of retailers whereby (based on the number of units) 33% are food & beverage; 33% are convenience goods; and 34% are comparison/service goods. The retail market and the way in which we shop has changed significantly over recent years, there has been a reduction of "traditional" high street operators, such as greengrocers, butchers, and bakeries. Where possible we will continue to work with these traditional operators to help them maintain a presence within the market.
4. The original Cabinet report acknowledged that the masterplan proposals were in concept form and would be subject to further detailed design and costing. A key uncertainty noted in the risk register was regarding the extent of services replacement. Therefore following approval of the masterplan and budget, further work was carried out by the Property Services team to better understand the scope of the essential services works and which confirmed the need for full replacement of the existing drainage, electrical and other utilities.
5. A full consultant team was then appointed in June 2024 to deliver the masterplan including the essential works and review budget implications before moving forward to RIBA Stage 3 Detailed Design. The scope of works acknowledged increasing cost pressures from the essential services replacement works and construction cost inflation and therefore included a key Stage 2 Brief to review the masterplan and budget proposals.
6. The Stage 2 review has now been completed and has incorporated cost implications of the essential services replacement works as well as inflationary pressures on the original scope. The review has also identified the need for additional works to the Market to benefit the success of the project and future proof

the assets long-term performance. These are detailed in paragraph 10 and will need to be addressed in the medium term. Securing additional funding now will be cost effective as combining additional construction works with the approved masterplan improvements will generate efficiencies.

7. To deliver the essential service replacement works, while also retaining the critical elements of the masterplan necessary to deliver a step change and future proof the assets performance, the additional capital budget required to deliver the revised masterplan proposals including additional works is £1.086m and is set out in detail in paragraphs 32-39 below.

The Masterplan

8. The concept masterplan and outline business case were set out in detail in the original report. Six ambitions were identified which would be used to hold the rest of the project to account and were agreed by key stakeholders. These were: Inclusivity, Sustainability, Evolution, Increased Footfall, Heritage and Distinctiveness. These remain at the core of the revised proposals.
9. A further underlying requirement for the original masterplan was that it should result in deliverable improvements to the Market with the challenge being to ensure proposals are transformative enough in order to be worthwhile for everyone who cares about the Market, but also realistic enough to be implemented and therefore bring about the positive change everyone wants. To achieve this, five key moves were proposed:
 - Key move 1: Market Street Management Strategy – pedestrianisation of Market Street. Works have commenced and the first phase including pedestrianisation, reduction in loading bays, improved drainage and surfacing has been implemented under an Experimental Traffic Regulation Order (ETRO) and with generally positive feedback. The ETRO is due to expire in October 2025 when the changes are expected to become permanent. A further review of the proposals will form part of the detailed masterplan design and will be submitted as part of a full planning application.
 - 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 open court opening onto Market Street with relocated public WCs and new public cycle store,
 - Key move 4: Improved entrances – Refurbishment of entrances to High Street & Cornmarket Street. These improvements are now being co-ordinated with proposals by All Souls College to improve and extend their frontage buildings nr's 10-15 High Street. Negotiations are on-going between the College and the Council's Property Team.
 - Key move 5: Key supporting works – Essential planned maintenance as well as new flooring, making good of surfaces, redecorating etc. This includes complete replacement and/ or renovation of the existing services including electrical, water, drainage etc throughout the Market.
10. While these key moves remain core to the masterplan, the RIBA Stage 2 review has gone further in considering additional works to address other deficiencies within the Market as part of a wider asset management review and to support the transformative nature of the proposals. These works include:

- Sub-station extension/ improvements are essential to deliver additional power to support the anticipated new food & beverage (F&B) units around the new open court (key move 3) and assuming a transition away from gas for the Market generally. The additional power will also support proposals for electric vehicle (EV) charging within the service yard.
 - Revised electrical distribution system at high-level to reduce impact on traders during construction and future proof the Market for potential introduction of low carbon options including PV panels to the roof areas. Proposals will also offer flexibility to accommodate change to future retail unit electrical provision and minimise future disruption within the market.
 - Decluttering – removal of redundant and obtrusive services including cabling, pipework, etc. as part of the services rationalisation and improvements generally and to improve the visual appearance throughout the Market. This work will happen alongside replacement of services and is in part necessary to understand the existing services before replacement can take place.
 - Lighting replacement and improved wayfinding throughout. This includes essential upgrading to emergency lighting, new energy efficient lighting throughout coupled with a revised lighting design and strategy to improve lighting quality, accessibility and safety to the avenues. Currently opportunities for events proposed outside normal trading hours are restricted in part by being dependent on lighting from retail units to provide adequate lighting levels to the avenues. Replacing rather than simply upgrading lighting allows for greater opportunity for future activities as well as supporting sustainability and cost efficiencies.
 - Additional high level fabric repairs and decorative improvements throughout to be carried out concurrent with the masterplan works to realise long term construction efficiencies and cost benefits. These works will accelerate the planned maintenance.
11. The additional works will be required in the longer term as part of the on-going asset management and planned maintenance and there are significant efficiencies by including the works as part of the larger masterplan contract rather than carrying them out piecemeal over a longer period.

12. A revised masterplan proposal is included in Appendix 1.

Options

13. The original masterplan considered four options including; Do nothing, Do minimum (business as usual), Major change (masterplan-led works focused on key moves), Do maximum (maximal masterplan-led works). The case was made for the ‘Major change’ option based upon the masterplan core moves. There has been no change to circumstances generally and therefore this report does not revisit the long list of options. Instead, this proposal investigates the scope of the works proposed by an enhanced major change option (Masterplan Plus) measured against a new option to only carry out the essential utilities’ replacement and planned maintenance works considered essential to ensure that the market can remain operational in the medium and longer term.
14. The two options outlined in the revised business case are therefore:
- Essential works - Option 1 - sets out a base case for essential services works necessary to ensure the Market can continue operating safely without

services interruptions but not including the wider transformative change proposed in the original masterplan. The consultant work following approval of the original masterplan has provided greater detail and certainty over these costs and which are identified in this option to better identify the impact of the wider masterplan changes.

- Masterplan Plus - Option 2 - to deliver the masterplan proposals as set out in the original approval to the major change option and to extend the scope of enhancements to include additional electrical power provision and distribution, decluttering, comprehensive lighting replacement, wayfinding and other fabric improvements. These will improve the safety, visual appearance and efficiency of the main market areas to benefit rental and improve trading opportunities in the main market. Doing this additional work now can be carried out at relatively low cost alongside the essential services work compared to the cost of works being carried out independently in the future. As such, the work will future proof the performance of the asset in the longer-term.

Outline Business Case

15. The Outline Business Case (OBC) for the original masterplan was approved in February 2023 and set out a programme of essential works involving full replacement of the services supported by three key masterplan works; the pedestrianisation of Market Street, improved entrances and wayfinding and the creation of a large communal open court.
16. These improvements were supported by a new leasing strategy to improve flexibility and increase attractiveness to traders. The leasing strategy has already been implemented and is also benefitting from the publicity and promise of the future masterplan works.
17. The first phase of the pedestrianisation of Market Street was completed in May 2024 with the experimental traffic regulation order (ETRO) period expiring October 2025. Further works will be dependent on the detail design proposals for the masterplan to be submitted as part of the planning application.
18. The revised OBC considers the updated essential works costs, a revised delivery programme and updated cost options including the core masterplan and additional works costs. This OBC considers the essential works and planned maintenance as part of the on-going asset management of the Market i.e. business as usual, which the Council has no choice but to undertake. The OBC therefore focuses its assessment on the case for the financial investment needed to deliver the additional masterplan works after the cost of the essential works is taken into account.
19. The revised 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). The OBC is summarised in this report in the following paragraphs:

The Strategic Case

20. The original masterplan and associated business case set out the case for change with the risk of the market entering a period of managed decline with the risk of loss of current clients and business and therefore declining rental income if it did not keep pace with the needs of both current and potential market traders. It is also

noted that delaying the decision on the works will result in increasing costs in the future.

21. The revised proposals retain and support the key moves from the original masterplan and propose additional works (detailed in para. 8 above) to strengthen the original objectives, enable construction efficiencies and address additional risks identified in the Stage 2 review. The common goal of these moves is to support and enhance the original proposals to generate increased footfall and dwell time and improve the vibrancy and vitality of the Market.

The Economic Case

22. This case sets out two key options to assess the benefit of the masterplan and additional works. Each option recognises that the leasing strategy set out in the original masterplan has already been implemented. The options are described in para's 11 & 12 above. The economic case demonstrates that the enhancements such as the sub-station improvements are essential to support key moves in the approved masterplan. Other enhancements will support the need for transformative change.

The Commercial Case

23. The purpose of the commercial case is to demonstrate that a viable procurement strategy is in place. Following approval of the original masterplan in February 2023 a full consultant team was appointed to deliver the proposals through an open competitive tendering process. The consultant team includes Gleeds project management and the original architects Gort Scott have been reappointed to lead the design team giving benefits in continuity.
24. Procurement of the main contractor will be tendered in accordance with section 19 of the constitution.

The Financial Case

25. The purpose of the financial case is to ascertain the viability and funding requirements of the recommended 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 29-35 of this report.

The Management Case

26. The Management Case sets out how delivery of the preferred option will be managed. The consultant team has been appointed to deliver the masterplan and includes Gleeds as Project Managers to support the work of the PMO team and to include advice on project and contract management, delivery options and cost consultancy.
27. The management team includes additional internal management resourcing to oversee the works and support traders during delivery,

OBC findings and Recommendations

28. The revised OBC confirms the original recommendation that the "Major Change" option (The Masterplan) is progressed in order for the Market to remain vibrant and economically viable for many decades into the future. The OBC confirms that the additional enhancements (Masterplan Plus) are affordable and deliverable measured against the essential services replacement works.

Stakeholder Engagement

29. Extensive stakeholder engagement was undertaken to develop the original Masterplan. No fundamental changes are proposed by the enhanced works and therefore further extensive detailed engagement was not carried out as part of the Stage 2 works in part to avoid the risk of consultation fatigue however, detailed stakeholder engagement did continue in three key areas:
- Engagement with traders, County Council, inclusivity groups and affected colleges as part of the delivery of the phase 1 Market Street improvements obtaining overall support for the proposals.
 - Monthly traders' meetings on site supported by newsletters to inform them on progress of the masterplan and the Stage 2 review,
 - Engagement between the Council's property team and consultants with All Souls college to co-ordinate legal agreements and the proposed works by the college to the High Street buildings and entrance avenues.
30. Further comprehensive engagement will be carried out at the next stage to develop the detailed design as part of the RIBA stage 3 design development. In addition, statutory consultation will be required during the planning application review process.
31. Internal resourcing has also been increased prior to and during the construction phase to ensure that the Council can support traders through any disruption.

Financial Implications

32. The Financial implications for the Council are set out in **Exempt Appendix 3 - Not for Publication**, the Financial Case of the OBC.
33. This report seeks a further investment of £1.086m in addition to the £6.87m budget approved to deliver the original masterplan and made up as follows:
- an increased budget allowance of £386K towards OCC officer time including supporting traders during construction and managing the works from now until 2028/9 and considered necessary to deliver the current masterplan.
 - potential for further capital investment of £700K towards construction including consultant and other fees to deliver the masterplan,
34. The overall cost and funding summary detailed below shows the cost of the enhancements. It also incorporates agreed funding of £1.174m previously allocated to Property Services for on-going Covered Market asset management works and a previously agreed increase in OCC costs of £79K to cover officer time.
35. The required funding is included in the current budget pipeline and if approved would move to the capital programme.
36. Cost and funding summary:

Item	Description		
	Options	Option 1	Option 2
		Essential Works only	Masterplan Plus
A	Total Costs		
	Masterplan		
	Construction - Masterplan	£3,423,963	£6,618,253
	Contingency @ 10%	£342,396	£661,825
	Sub-total construction	£3,766,359	£7,280,078
	Feasibility	£170,000	£170,000
	OCC Costs	£552,455	£585,966
	Other Works		
	Construction - property services	£1,174,360	£1,174,360
	Sub-Total Cost	£5,663,173	£9,210,404
B	Funding		
	Capital Budget	£6,370,000	£6,370,000
	SPF Funding	£300,000	£300,000
	S106 - incl	£200,000	£200,000
	Capitalised salary contribution	£79,618	£79,618
	Property allocation - B0106	£1,174,360	£1,174,360
	Sub-Total Funding	£8,123,978	£8,123,978
C	Funding Required (+ve = surplus)	£2,460,805	-£1,086,426

37. The proposal acknowledges the risk associated with heritage buildings and recognises that design is still at a relatively early stage. For this reason the proposed costs include construction cost contingency between 15-30% calculated on an elemental basis dependent on available information. A further project contingency at 10% is included in addition. The revised costs also incorporate the programme prolongation based on a more detailed review of delivery carried out as part of the Stage 2 works.
38. If the overall capital budget allocation is approved, then the indicative spend profile in financial years including the original approved budget is currently as set out below:

Financial Year	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Capital Programme	£534,424	£421,661	£1,611,347	£3,470,658	£1,047,215	£147,611

39. The Financial Case of the OBC in **Exempt Appendix 3 – Not for Publication**, confirms that the proposals show a positive return on investment.

Equalities Impact

40. Inclusivity was one of the six guiding ambitions of the approved Masterplan proposals and remains key. To support this the consultant team includes the requirement for an accessibility consultant and appointed as part of the design team.

41. The delivery of Market Street phase 1 included engagement with the City Council's Inclusive Transport and Movement Focus Group and with the GP surgery on Market Street. While the proposals have delivered significant improvements to accessibility, feedback has highlighted the need for further work to improve accessibility by blue badge holders which will include dedicated use for them of one of the loading bays at set times.
42. All procurements associated with implementing the masterplan vision will deliver significant supply chain social value. Procurement of the consultant team included a 10% procurement score weighting for social value included within their contracts and all consultants are signed up to Match my Project as part of their delivery of social value.
43. The main construction contract delivery will include the requirement for 10% of the procurement evaluation to be allocated to deliver of social value in accordance with the Council procurement strategy.

Carbon and Environmental Considerations

44. Environmental sustainability was one of the six guiding ambitions of the approved Masterplan proposals.
45. Moves to facilitate low and zero-carbon emission movement to the market have begun to be implemented with completion of phase one of the Market Street pedestrianisation works and improved cycle parking.
46. The original masterplan noted that the ability to introduce low carbon and sustainability improvements to the fabric of the Market were limited by the fact that the market is open to the environment and the majority of energy use is tenant responsibility. The revised proposals offer further improvement to sustainability including revised engineering proposals for delivery of the electrical infrastructure replacement in order to future proof incorporation of photo-voltaic (PV) solar panels to the roofs and improve decarbonisation of the works. The final design and proposals for this will be subject to planning team and Heritage England approval as well as a review of the operational delivery of energy.
47. The budget for PV works is not included within the current project but the sustainability team has secured grant funding to explore the business case for PV and is in consultation with potential providers subject to further funding becoming available. The aim is to have a designed scheme ready to take advantage of future implementation funding should that become available.

Legal issues

48. The recommendations contained in this report fall within the definition of 'Key Decision' pursuant to the Council's Constitution and are therefore reserved to the Cabinet.
49. Any procurement of goods, services and works for the purposes of implementing the revised Covered Market Masterplan and Business Plan must be conducted in accordance with the Council's constitution and procurement procedures, and in compliance with public procurement law, including ensuring that best value is achieved.
50. Officers are required under the Council's Constitution to record and (in case of decisions delegated by the Cabinet) publish Executive Decisions relating to the delivery of the revised Covered Market Masterplan and Business Case. Officers must ensure that the 'Key Decision' procedures are followed, where applicable,

when exercising their Cabinet delegations recommended in this report, including the addition of proposed Key Decisions to the Forward Plan.

51. 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 Council as the landlord of the Covered Market.

Level of risk

52. As a capital project relating to a historic market, home to more than 60 businesses, moving to the detailed design and then delivery phase inherently carries risks. The risk register at **Exempt Appendix 5 – Not for Publication** outlines the main risks and their mitigations.

Next steps

53. If Cabinet approves the budget allocation, then the council project manager will be responsible for developing and then implementing the plan contained in the Management Case of the OBC (outlined in section 6 of **Appendix 2**), guided by a project board and with the oversight of senior officers through the Development Board processes.
54. Following approval of the original masterplan and delegations the consultant team has been appointed to deliver the project to completion (subject to break clauses at RIBA Stages) and has completed the Stage 2 review. If this proposal is approved the consultant team will immediately move to preparing RIBA Stage 3 and a detailed planning application for a submission in late 2025. The revised target date for works to commence within the Market will be the end of 2026 subject to a successful and compliant contractor procurement process.
55. Completion of all works on site is anticipated to be late 2028.

Conclusion

56. The project team recommends approving the revised masterplan and business case, which involves spending a capital budget of £1.086m in addition to the capital budget of £6.87m approved in 2023. (as outlined in paragraphs 29-38 and the **Exempt Appendix 3 – Not for Publication**). The additional funding will maximise the benefits and the transformative nature of the original approved masterplan major works programme and benefit from additional efficiencies generated from delivering the additional capital works as part of an enhanced masterplan.

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Background Papers:

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