

SPECIAL COUNCIL

TUESDAY, 21ST NOVEMBER 2017, 6.30 PM
COUNCIL CHAMBER, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Council, the following information that was unavailable when the agenda was published.

Agenda No	Item	
4	PUBLIC QUESTIONS Two members of the public have requested the opportunity to ask a question (enclosed). They have three minutes to put their question to the relevant Councillor and will be allowed to ask one short supplementary question. PLEASE NOTE THAT THE FOLLOWING REPORT WILL BE CONSIDERED IN PUBLIC	(Pages 69 - 70)
9	MARKET WALK UPDATE To consider a report of the Director of Business, Development and Growth.	(Pages 71 - 74)

GARY HALL
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Council

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Public Questions to Special Council 21 November 2017

1. Question submitted by Malcom Allen on behalf of the Chorley Traders Alliance

“Following the closure of Woolworths and having attended various meetings over a 15 year period organised by the council with consultants, reports were published and then nothing happened. I called a meeting of all the traders in the town and from that the CTA was formed, one of the first things we wanted was the north end of Market Street reopened with limited parking for customers which took us 5yrs to get and was a great success with town centre customers which helped get back to feeling like a market town.

But with the building of Buckshaw Village and all the new houses in the borough over the last few years our town centre has not expanded to meet there needs.

As Chair of Chorley Trader’s Alliance I wish to comment on recent coverage regarding the re-development of Market Walk in the town. Whilst the recent news of Marks & Spencer’s decision to review all of their planned store openings nationwide and including Chorley is a set-back, I believe that Town Centre Traders wish to see the overall scheme continue to be developed out to make our Town Centre fit for the future. We have a thriving town centre and work closely with the Council to ensure that shoppers can have the best facilities that Chorley has to offer. At the moment there are several false stories with regard to phase 2 doing the rounds in the town and on social media which is not helping trade in the town centre.

Whilst I appreciate that some people can find change challenging and will always find reasons not to do things, the members I have consulted are encouraging Chorley Council to carry on with the development. Can I ask on behalf of Chorley Traders Alliance that we do just that? The development is necessary if we want to see Chorley prosper in the future but do not want to take as long as the reopening of Market St.”

2. Question submitted by Trevor Witt on behalf of the Chamber of Trade

“Why can’t the debate concerning Market Walk Phase 2 be held in open session.”

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Report of	Meeting	Date
Director (Business, Development and Growth)	Council	21 November 2017

MARKET WALK UPDATE

PURPOSE OF REPORT

1. This report provides an update on the current status of the project, together with an overview of the main options available to the Council going forward.

RECOMMENDATION(S)

2. That Council agrees to pause and suspend operations on the site until the end of January with a view to doing a more detailed analysis of the various options going forward being presented to Market Walk Steering Group and Council in January.
3. That Council approves an additional £54,200 expenditure incurred in creating temporary parking, suspend the site and continuing professional fees until the end of January 2018.

EXECUTIVE SUMMARY OF REPORT

4. On 25 July 2017, the Council resolved to proceed with the Market Walk extension scheme on the basis that the contract to build would be awarded and work commence only upon having 48.4% of the lettable area being the subject of agreement for leases. This effectively meant the agreement for leases being in place with the cinema (REEL) which has been completed and with the tenant of unit 1 (Marks and Spencer Simply Food).
5. The Council have been advised by representatives of M&S that they will not be completing the Agreement for Lease in the immediate future. Under the terms of the existing Council approval, Officers have no authority to commit to further works from the main contract. This means that the original programmed completion date of 14 September 2018 can no longer be met.
6. This report therefore provides an update on the current situation for Members' consideration.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	X
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

8. On 25 July 2017 Council approval was given to proceeding with the Market Walk extension subject to the signing of Agreements for Lease for a proportion of 48.4% of the lettable area, Reel Cinema Ltd and Marks and Spencer PLC (M&S) were identified as tenants.
9. The agreement for lease with M&S specified a handover date of 14 September in order to avoid their “blackout” periods which are defined as periods of time in which they will not accept handover. This was to enable M&S to have sufficient time to fit out their unit and open before peak trading periods such as Christmas. If the handover date was missed then M&S could refuse to accept the unit completely or decline to occupy until after the blackout period had ended. This could have left the Council with a vacant unit which would remain our liability for this empty period.
10. As a result of the protracted negotiations with M&S and in order to ensure handover on 14 September, General Purposes Committee approved two work packages from the main contract works. The first, approved on 30 August 2017, committed utility works and site hoarding to the value of £100k. The second, approved on 11 October 2017 approved drainage, levelling, piling preparation and the initial order confirmation for structural steel to the value of £499,057.
11. On the 8th November 2017 M&S issued a press release in line with their Quarterly results, which stated they would be ‘slowing our Simply Food store opening plan...Only the highest returning sites will qualify for addition to our store portfolio’. Officers were advised by representatives of M&S that they will not be completing the Agreement for Lease in the immediate future and that proposed new store openings would be subject to re-appraisal.
12. Under the terms of the existing Council approval, Officers have no authority to commit to further works from the main contract. This means that the original programmed completion date of 14 September 2018 can no longer be met.
13. Since this announcement, Officers have been instructed to deliver a number of actions to minimise the Council’s financial exposure on the scheme and mitigate against any short term negative impacts the construction work may have. As a result the following instructions have been issued to Eric Wright Construction:
 - Complete the drainage and service diversion works that are already underway.
 - To complete the final design works as already commissioned.
 - Cancel the order for piling and piling mat
 - To not confirm any orders that would commit the Council to further expenditure including structural steel and cladding system.
 - To move back the fixed hoarding line by 15.11.17 to make existing hard standing available for 24 public parking spaces
 - To lay an area of temporary tarmac surface to create c.30 car parking spaces to be available for public use by the afternoon of 18.11.17
 - To lay an area of temporary tarmac surface to create an additional c.30 car parking spaces to be available for public use by the afternoon of 25.11.17
 - To further condense the area of the site to the minimum required to enable delivery of remaining scheduled works.

CURRENT LETTINGS POSITION

14. Heads of Terms are agreed with for one of the Food and Beverage Units and the potential tenants have instructed their solicitors.

15. Reel have been informed of the current situation and Officers will have met with Reel representatives by the time of this full Council.
16. A national leisure company have responded positively to a potential occupation of the upper floor of the extension (with a small ground floor presence) and their requirements have been accommodated in the detailed design works. At the time of writing the report, fit out costs are awaited, in order for commercial negotiations and preparation of the heads of terms to commence.
17. Terms have been proposed to a major chain restaurant for the occupation of one of the remaining food and beverage units and Officers are informed that their representatives have visited site. A response is being chased.

OPTIONS ANALYSIS

18. Members are asked to agree the pausing of works and suspending of site to enable detailed analysis of the various options going forward. It is envisaged that there will be four main options to explore in further detail:
 - Option 1 – Continue with extension at earliest opportunity that may include seeking a partner to mitigate some of the costs/risks and/or possibly amending the current scheme
 - Option 2 – Retain the temporary car park surface and site infrastructure and continue to seek alternate tenants for the existing design
 - Option 3 – Consider a redesign of the scheme or other financial models
 - Option 4 – Stop and reinstate the Flat Iron Car Park to a high quality permanent finish
19. It is proposed that the Options analysis are presented to Market Walk Steering Group and Full Council as soon as possible but no later than January 2018.

FINANCIAL IMPLICATIONS

20. A total of £2,681,025 has been approved and committed to date. The main deliverable is that the Council now has a development site, and the costs incurred include:
 - professional fees (including design, surveys and services)
 - the re-modelling of Hollinshead Street car park
 - highways work around the site
 - improving the public realm with new walkways and trees
 - remodelling and upgrading the western (Booths) side of the car park
 - diverting existing utility services
 - a new substation for the development
 - paying for utility service orders and the hoarding to separate the site
 - allowing the completion of the enabling works due to the delayed signature from Marks and Spencer
21. The recommendation within this report requires an additional £54,200 above and beyond the additional approvals for PCSA works.
22. These funds are required to contribute to the temporary surfacing of the car park, retain site infrastructure and some small element of professional services until end of January. The retention of professional services is required to provide cost and programme input into the Option Analysis and maintain site safety.

IMPLICATIONS OF REPORT

23. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

24. The approach detailed in the report and recommendation will allow the Council to look in detail at the options detailed and enable me to gather appropriate financial advice. In terms of the costs to reinstate the Car Park temporarily and the retention of professional advisors the costs are contained within the current asset maintenance budget and salary savings.

COMMENTS OF THE MONITORING OFFICER

25. The report correctly states the previously given permissions have now been implemented and no further works to progress the project can be undertaken without further resolution of the Council. The report outlines the options for members.
26. The recommendation to defer is appropriate at this time as members may feel they are unable to make a final decision without more information.

MARK LESTER
DIRECTOR (BUSINESS, DEVELOPMENT AND GROWTH)

Background Papers			
Document	Date	File	Place of Inspection
Previous reports and minutes considered at General Purposes and Full Council	July-October 2017	***	

Report Author	Ext	Date	Doc ID
Mark Lester	5571	16 November 2017	***