

Appendix 1

1. Name of Project: Liskeard Cattle Market Digital & Creative Workspace

2. Project Description

The project principally involves the design and construction of approximately 1,216m² of new, high quality and flexible workspace on Cornwall Council owned land at Liskeard Cattle Market. The workspace will be principally targeted at small and micro businesses within the creative industries, creating a hub which encourages collaboration and innovation.

The development of the workspace scheme is being undertaken in parallel with the wider masterplanning of the former cattle market. The project will provide the first phase of the mixed use redevelopment of the site and will deliver demolition, enabling and access works that will unlock delivery of further phases of regeneration and development.

3. Background

The site

The Liskeard Cattle Market site occupies an area of 1.4 hectares and is located in the heart of Liskeard, just off the main shopping streets and historic town centre and in walking distance of many of the town's housing estates. In December 2017, after 110 years of operation, the final livestock sale was held at the Cattle Market. The site is now largely redundant apart from some retail outlets and a car park. There are a number of existing derelict buildings and structures associated with the cattle market operations that have historically taken place on the site that require demolition and removal before any new developments can take place to regenerate the site. This represents significant 'abnormal' conditions that impact on the commercial viability of redeveloping the site.

Cornwall Council has been working in close consultation with the local community and stakeholders for a number of years to identify and develop proposals to regenerate the site. In March 2019, local residents and businesses were invited by the Government to join with local designers and decision makers to attend Cornwall Council's first ever 'Charrette' programme, which resulted in an indicative

masterplan for the site. At the Charrette, the public underlined the need for a rich mix of fine grain, community and enterprise uses on the site in keeping with its town centre location. The Charrette respondents also noted that:

“Liskeard is well connected by road and rail and sits at the heart of a wealth of regional assets. The upcycling of the Cattle Market and wider town should build on the position as a regional economic and visitor hub which in itself provides great opportunities for the local residential and business community”.

Funding – Masterplan, Demolition and Enabling Works

In March 2019, Cornwall Council’s Cabinet committed £0.300m of funding to complete a masterplan and business case for the site. Subsequently in April 2019, the Council’s Economic Growth Service (EGS) submitted an application to the Cornwall & Isles of Scilly Local Enterprise Partnership for £0.350m of Local Growth Funding to fund demolition and enabling works for the workspace scheme. Along with the Council’s funding, the Local Growth Fund investment will provide the resource required to:

- Produce both strategic and outline business cases for the Cattle Market site;
- Develop the whole site to RIBA stage 2;
- Submit an outline planning application for the redevelopment of the entire site;
- Seek planning permission for the required demolition and enabling works for the workspace scheme; and
- Deliver the demolition and enabling works required to unlock the location for the workspace scheme.

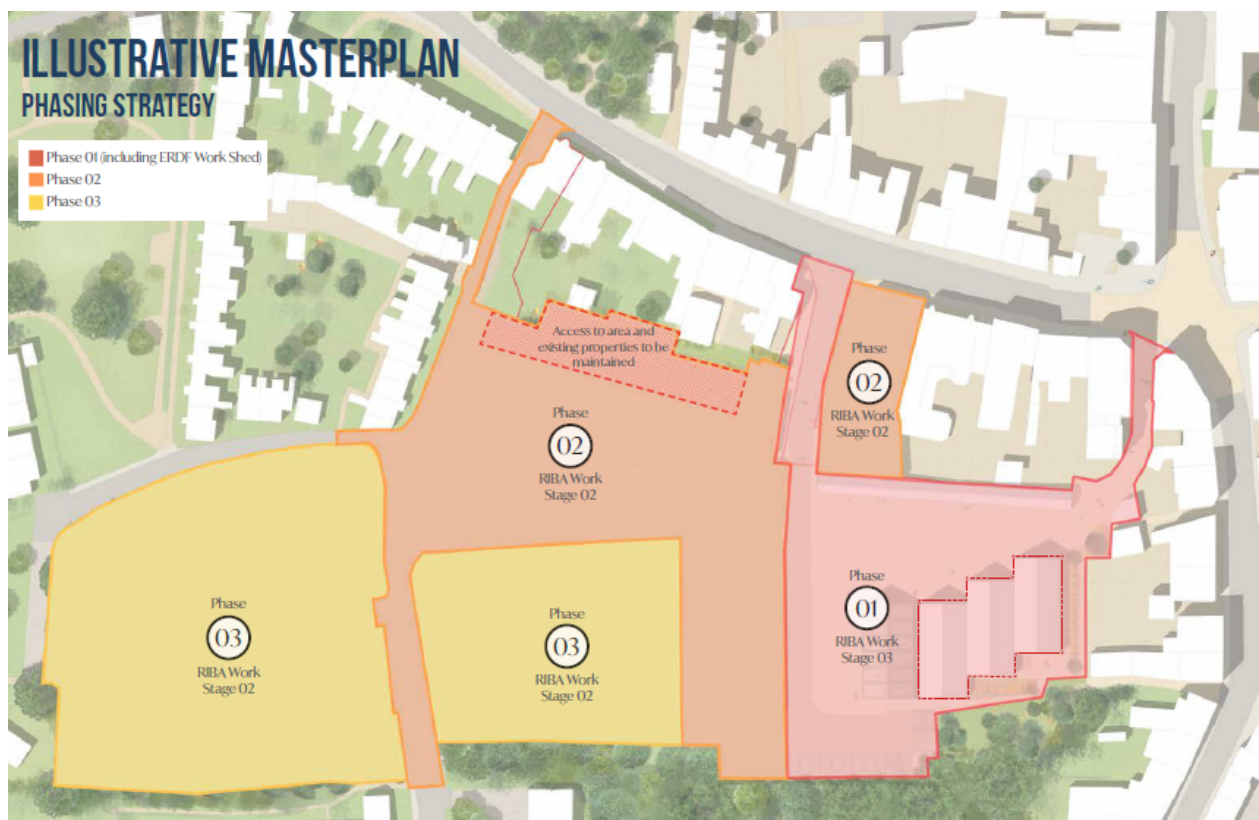
Funding – Workspace Development

In January 2019 the Ministry for Housing, Communities and Local Government (MHCLG) issued a call for proposals under Priority Axis 3 - Enhancing the Competitiveness of Small and Medium Sized Enterprises of the European Regional Development Fund (ERDF) England Operational Programme. The call made available up to £15.5m of ERDF for projects that deliver market-led, modern workspace. In response the Economic Growth Service (EGS) submitted outline applications for five workspace projects, including the Liskeard Cattle Market Digital & Creative Workspace. On 8 August 2019, the EGS was notified that the project had been selected to proceed to full application with a submission deadline of 1 December 2019.

Experience suggests that it will take 6 months to complete and sign the Grant Funding Agreement with MHCLG and whilst development work can be undertaken and included as eligible expenditure within the ERDF funded project from the date of invitation to submit a full application, no physical works to be funded through the ERDF funded project can commence on site in advance of a GFA being signed by both parties.

Location Plan

An overview of the indicative phasing of the cattle market redevelopment is provided below. The workspace scheme, infrastructure and public realm works described in this report will be delivered within the area identified as 'Phase 1'.



4. How will the project be delivered?

The workspace project is led by Cornwall Council with the EGS acting as the lead client and working closely with colleagues in Planning and Sustainable Development. Professional services (project management and design) are being procured via Council's Capital Projects Framework contracts and in parallel with appointments that have been made for the wider masterplanning work for the Cattle Market site.

It is anticipated that the demolition and construction works will similarly be awarded using the Council's existing framework contracts.

Work is ongoing to consider and analyse options for managing the workspace following completion. Options being considered include integrating the operation of the building into the EGS as 'Business as Usual' with EGS acting as the client services within the Council, with hard and soft Facilities Management (FM) provided via Cornwall Council's Property Services with clear lines of responsibility consistent with the Corporate Landlord initiative.

5. When will the project be delivered?

The following timescales are estimated, pending confirmation of Local Growth Fund, Cornwall Council and ERDF funding for the project:

- Spring 2020 - Demolition and enabling works completed
- Summer 2020 - Construction of the workspace scheme starts on site
- Autumn 2021 – Practical completion, opening and occupation of the workspace scheme

6. Strategic Fit

The delivery of high quality workspace aligns with the Councils' commitment to invest across Cornwall to create jobs and improve lives as stated in the 'Green and Prosperous Cornwall' priority area within the 2018-2022 Business Plan. The project also aligns with the following strategies, plans and reports:

- **Cornwall and the Isles of Scilly Vision 2030** - the Strategic Economic Plan for Cornwall and the Isles of Scilly 2017-2030 clearly identifies that the availability of suitable workspace is a contributory factor to the achievement of future productivity led growth.
- **Liskeard Neighbourhood Plan** - The need for new workspace in Liskeard is identified within the Neighbourhood Plan 'A Place to Learn and Work' section, which includes a priority for '*The provision of buildings and land to enable new businesses to set up, and existing businesses to grow.*' Furthermore Objective 4 of the Neighbourhood Plan 'Establish an innovation hub' identifies a need '*to work with Cornwall Council to locate suitable start-up premises and via funding agencies to attract new businesses to form a co-operative work-space*'. The Neighbourhood

Plan also includes policy TC4 which is specific to the redevelopment of the Cattle Market site. The policy prioritises *‘Development options which regenerate the site in a way that maximises the economic and cultural benefits to the community will be supported’*.

- The need for workspace on the Cattle Market site was further endorsed through the **‘Charrette’** public consultation exercise undertaken during March 2019.
- The **Demand Assessment in Respect of an East Cornwall Innovation Centre**, commissioned by Cornwall Council in 2017, identified that *‘across the study area there is very little high quality space available for SME’s... Liskeard has one of the lowest years supply at under 1 year... The few high quality premises that are available on flexible letting arrangements within and close to East Cornwall are well occupied...’*.
- The **Employment Space Demand Assessment for Liskeard Town Council (2018)** further highlighted the lack of provision, identifying the only serviced office/workshop space as the Council-owned and operated Liskeard Enterprise Centre, located to the eastern periphery of the town off Holman Road, and which is currently operating at full occupancy. The Enterprise Centre includes 13 offices of which two are used by management staff within a single office block plus additional workshop units, each of up to around 678 sq ft, arranged in terraces.

7. Benefits

Regeneration of the former Liskeard Cattle Market

The project will directly deliver new workspace provision and provide access and public realm works that will facilitate further phases of development and act as a catalyst for the transformation of the Cattle Market site.

The Creative Industries

The workspace will be targeted at the creative digital industries, which currently lacks specific workspace provision in the east of the county. The creative industries is a diverse sector, ranging from high tech digital companies to visual artists, that is on track to create one million new jobs between 2013 and 2030. Research from Nesta, in partnership with the Creative Industries Council, reveals that creative industries across the UK are driving local and national economic growth, identifying that local economies have grown their creative industries employment by an average of 11%, twice as fast as other sectors (where local economies experienced, on average, 5.5% of growth).

The LEP's Ten Opportunities identifies the creative sector as a key opportunity for Cornwall and the Isles of Scilly, citing the objective to *raise our region's profile in the global creative economy, turning Cornwall and the Isles of Scilly into the destination of choice for creative businesses..., building a global creative-industries cluster, to establish the UK as the leading authority on the creative economy.*

Delivering the project will represent significant investment in support of an identified economic growth sector at both UK and local levels.

Wider benefits to the Cornish economy

It is estimated that, once fully occupied, the workspace scheme will support the creation of approximately 26 net new jobs with an annual GVA contribution of nearly £1m. These figures are calculated in accordance with the Homes & Communities Agency Employment Density Guidance (2015) with displacement and multiplier factors applied and are based on estimated occupancy rates following practical completion.

	2021/22	2022/23	2023/24
Jobs created	3	10	13
Annual Gross Value Added (GVA) to the Cornish Economy	£0.100m	£0.394m	£0.493m

8. What are the project costs?

A detailed cost plan for the workspace scheme will be produced and refined as the design advances to RIBA Stage 3 in advance of submission of an ERDF full application for the project. Pending completion of this work, approvals are sought on the basis of cost estimates that have been produced as part of early feasibility works for the workspace scheme and the wider cattle market development. Cost estimates are based on market rates and are inclusive of contingency.

Whilst ERDF funding can be drawn down against costs directly associated with the workspace scheme, there are costs associated with providing the infrastructure and public realm required to access and enhance the workspace project but which will benefit the whole site and will therefore need to be 100% funded by Cornwall Council. These costs are estimated at up to £0.850m and are included within the cost and funding breakdown provided below.

Capital	Yr1 2019/20 (£m)	Yr2 2020/21 (£m)	Yr3 2021/22 (£m)
Expenditure			
Construction and fees	-	1.985	3.333
Total Expenditure	-	1.985	3.333
Funding			
Grant – Local Growth Funding	-	0.350	-
Grant - ERDF	-	0.899	1.366
Cornwall Council – Economic Development Match Fund Reserve	-		0.850
Cornwall Council – Capital Borrowing	-	0.736	1.117
Total Funding	-	1.985	3.333

It is proposed that ERDF funding for the workspace scheme is match funded by the Council through capital borrowing. Financial modelling has been undertaken on the operation of the building which demonstrates that the project will be able to adequately cover the cost of borrowing.

In addition to capital borrowing, £0.375m of revenue funding is sought from the Economic Development Match Fund Reserve. This includes £0.125m of ERDF full application development costs and £0.250m to cover operational deficits during initial years following completion, until the project is generating sufficient surpluses to cover the borrowing costs.

Furthermore, pending formal State Aid advice, it is anticipated that the project will be delivered within Article 56 of the General Block Exemption Regulations – Aid for Local Infrastructure. This will require that any operational profit is ring fenced for ongoing operation and maintenance of the workspace.

9. What are the main risks?

A costed risk register will be produced for the project and will be maintained and updated throughout the design and construction stages. High level project risks and mitigations are summarised below.

Risk	Impact	Likelihood	Mitigation
<p>Alignment with wider masterplanning process</p> <p>Project fails to align with masterplan for the site, impacting on planning approvals and overall deliverability of the scheme</p>	Medium	Low	<ul style="list-style-type: none"> – Appointment of same project managers and architects assigned to deliver the wider masterplan work – Involvement of key Council stakeholders across both the masterplan and development of the workspace scheme – Planning submission to include whole site at outline and workspace at detailed design phase
<p>Failure to secure ERDF funding</p> <p>Project fails to secure grant funding leading to potential abortive design development costs</p>	High	Low/Medium	<ul style="list-style-type: none"> – Experienced team within Economic Growth Service leading the drafting of the ERDF full application, with input from CC legal and finance as required. – Project to be developed to RIBA 3 with robust cost plan and programme to provide confidence to MHCLG that project is deliverable within proposed budget and timeframe. –
<p>Failure to comply with ERDF Grant Funding Agreement (e.g. achievement of BREEAM Excellent)</p> <p>Grant claw back due to non-compliance with grant agreement, additional Cornwall Council funding required to cover claw back</p>	Medium	Low	<ul style="list-style-type: none"> – Project Board established of internal staff with significant experience of managing ERDF funded projects, including ERDF Compliance Officer, to oversee delivery. – Achievement of BREEAM Excellent will be a contractual requirement of the construction contract awarded. BREEAM tracker implemented from initial design phase.
<p>Project costs overrun</p> <p>Risks realised beyond those foreseen within costed risk register. Additional Cornwall Council funding required to absorb additional costs.</p>	Medium	Medium	<ul style="list-style-type: none"> – Project budget will include risk allowance. This will be assigned to a costed risk register as the project progresses through the various RIBA stages. – Detailed project management processes being implemented to monitor the project's development and delivery against identified costs, expenditure, project programme and identified milestones. Project Board to review cashflow at monthly meetings.
<p>Failure to secure tenants</p>	Medium	Low	<ul style="list-style-type: none"> – Marketing activities to commence at

<p>Occupancy levels fall below target impacting on rental income and increased holding costs for Cornwall Council.</p>			<p>early stage in project; engagement through existing networks and building on marketing assets currently being developed for EGS assets</p> <ul style="list-style-type: none">– Financial model based on the assumption that it will take 3 full years of operation to reach 90% occupancy
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