

Committee	Full Council / Agenda item 11
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Report Title	Update on refurbishment works at Nos 3 and 5 Market Place (former Nat West building)
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Attachments	None

Contents

Summary	2
Recommendation	2
Financial Implications	2
Situation (summary of historic details and current situation).....	2
Works carried out to date as at 31.03.23 Stripping Out	2
Plans	3
Future Letting Opportunities	3
Opportunities for No 3 Market Place	4
Opportunities for No 5 Market Place	4
Basement:	4
Ground Floor:	4
1st Floor:	5
2nd Floor and attic space:	5
Main Roof:	5
External Decorating:	6
Schedule of Works:	6
Schedule one:	6
Schedule two:	6
Schedule three:	6
Schedule four:	6
Schedule five: Exterior works (other than roofs)	6
Financial summary	6
Officer Recommendation	6

Summary

This report offers a further general overview and update on works at the former Nat West building which will now be referred to as:

No 3 Market Place: being the separate, smaller building which sits underneath the kitchen of the town hall.

No 5 Market Place: the larger part of the former Nat West Bank, set across 5 floors

Important note: The costs provided in this report are indicative only and are provided for budgeting purposes and are not firm estimates. Any works and contracts will be awarded in accordance with the Town Council's financial regulations and any prevailing legislative requirements (i.e., the use of Contract Finder for any tenders over £25,000). The significant works as noted within this report (including roof works, new staircase, and fireproofing works) will be subject to Contract Finder (the roof works have already been placed on this and quotes received).

Recommendation

To receive, note and approve the contents of this report.

Financial Implications

These are shown separately and summarised as a separate confidential report.

Situation (summary of historic details and current situation)

This report provides Committee with an update on the status of the repair, refurbishment and remedial works being carried out at Nos 3 and 5 Market Place.

Works carried out to date as at 31.03.23 Stripping Out

- Removal of asbestos
- Removal of false ceilings
- Removal of old plasterboard
- Removal of wires and trunking
- Removal of walls and studwork
- Removal of obsolete dumb waiter

These works (save for removal of asbestos) have all been carried out by SWTC staff, saving significant sums on potential contractor payments.

Plans

The Working Group (WG) has met several times to establish priorities and a schedule of works for the refurbishment programme.

A number of plans and indicative proposals have been provided by W & B and used as the basis for this report.

It is important to ensure that all works meet the following criteria:

- (a) Building control regulations (as revised 2022, regulations have been significantly improved and tightened up following the recommendations arising from the Grenfell Tower disaster)
- (b) Appropriate planning permission(s) are obtained.
- (c) Fire Regulations and fireproofing to ensure compliance with current standards (the findings of the Grenfell Tower disaster further impact on this requirement)
- (d) Insulation / UV values are according to prescribed standards, ensuring the building is appropriately insulated to save on future running costs and to reduce the Council's carbon footprint
- (e) Mechanical and electrical services must be planned, accounted for and support the Town Council's green environmental initiatives.
- (f) Sequencing of works – it is important that for works to be most cost effective, they are scheduled according to both priority and order
- (g) To make the building an attractive commercial opportunity, maximising revenue for SWTC

Future Letting Opportunities

Using the new plans and maps as per W & B, local commercial letting agents were contacted with a view to acting as agents on behalf of SWTC in the letting of Nos 3 and 5 Market Place. These were useful meetings, and each agent submitted their own thoughts and ideas for future commercial/retail usage of the units along with recommended rental figures. These meetings provided indicative rental income along with recommendations from the agents as to the best use of the space, be it to either let as one large unit or break into smaller retail/office space.

Initial advice was given in autumn 2022 that the best letting options would be to let the ground floor and basement for retail or similar uses and the first floor for offices, with the second and third floors being used for SWTC offices. That advice has now changed, with the agents advising that it is almost impossible to let office spaces without sufficient parking and recommending instead that the SWTC offices be placed on the first floor and the top two floors be converted for residential accommodation, as detailed below. The letting opportunities have therefore not progressed at this juncture but we are proposing to engage an agent (probably on a joint letting basis) imminently.

Officers are in regular contact with interested parties (a number of local companies/organisations have expressed an interest in a leasing the rooms/floors), and these contacts and relationships will be maintained.

Opportunities for No 3 Market Place

This is the smaller unit which sits underneath the Town Hall kitchen, with one entrance/exit. There are numerous opportunities for this site and there is much local interest in renting the unit.

A planning application has been submitted to UDC for the installation of a toilet/kitchen facility and change of front windows back to original (as a mirror image of the TIC).

The proposed changes to the window will create a larger window space, much required by retail/service units. This planning application also covers any structural works as identified from the structural engineer's report.

Building control must also be obtained for the relevant structural and fire-proofing works (it is a legal requirement to fire-proof each individual unit if let to a 3rd party).

It is anticipated this unit will be available for rental in summer 2023.

Basement: to be retained as current but is being stripped out and cleared. As a precautionary measure, the basement is being treated for woodworm and will be insulated and plaster boarded to comply with fire regulations, to reduce noise and to prevent heat loss. These works will be completed by SWTC staff. This space can be used for storage and is also the location of all services to both Nos 3 and 5. This basement can only be accessed via No 5.

Opportunities for No 5 Market Place

This is a 5-storey building consisting of:

Basement

Ground floor

1st floor

2nd floor

3rd floor / attic

Basement: This has largely been stripped out of all old cables, services and detritus but we are unable to remove the safe and the strong room which will remain in situ. These works will be completed by SWTC staff. The basement areas covers both No 3 and 5 Market Place and could be used for future storage either by SWTC and/or as an external storage facility for the tenant of No 5, subject to access and appropriate arrangement in lease agreement(s).

Ground Floor: SWTC staff continue to strip this out, in readiness for future lettings. We will not carry out any further major works to this area, as it will be let as on a "Shell and Let" basis (as recommended by letting agents).

There is a need to add fireproofing to this unit, including the staircase in order to meet regulatory requirements; these works will be undertaken by SWTC.

This ground floor unit presents a number of opportunities the most obvious being potential retail or restaurant / cafe usage and could equally lend itself to a leisure/destination type venue. We will instruct the agents to consider any reasonable opportunities.

Planning applications have been submitted for all necessary structural works, including refurbishment of the front façade.

1st Floor: A number of options and opportunities have come forward for this floor, ranging from Town Council office space, retail, ancillary services, physiotherapy units and the like. However, the advice now from the letting agents is that the floor will not recognise any substantial income, compounded by the reduced need and demand on office space. There is no parking offered with this space, and this makes it a less attractive rental opportunity. We are therefore now proposing to utilise the 1st floor as office accommodation for Town Council offices.

SWTC have started stripping out this floor, in readiness for occupation by Town Council staff. The site will primarily be open-plan office accommodation with staff welfare facilities and a meeting space.

The relocation of staff to this 1st floor brings back full use of the Town Hall for community use and weddings. Following a concerted and productive advertising and marketing campaign of the Town Hall as a wedding and events venue, the income for the town hall for 2022/23 has exceeded budget by 222% (budgeted income £28,000 / actual income £62,413). It is anticipated this income will continue to grow once all rooms are returned for community usage.

There is a need to reconfigure the existing staircase from the 1st floor to the 2nd and 3rd floors, enabling each to be self-sufficient, fireproofed and to maximise letting space and potential revenue. Plans have been drawn up by W&B for this.

2nd Floor and attic space: Advice from letting agents is that this space is less desirable for commercial letting and noting the comments as per the 1st floor above. It is proposed to convert this space into residential dwellings, consisting of 2 flats on the 2nd floor and 1 flat in the attic. The flats would be accessed via the new staircase as previously referenced.

Main Roof: The roof requires stripping off, insulating to current standards and reroofing with new slates/tiles. Additional work is now required given the conversion of the 2nd floor and attic space to residential. Very little roof works were required under the original scheme but a conversion to residential requires compliance with appropriate housing standards. A planning application is pending with UDC seeking permission for these works and 3 x Velux windows providing light and attractive outlook for the proposed attic flat. Although it was originally expected that certain works would be required to the roof, notably it is more cost effective (and essential given the conversion to part-residential) to now replace the roof. Monies for this are provided for within the confidential report.

External Decorating:

There is no provision within this report for any external decorating works and it is noted these will be consolidated with the external works required at the Town Hall and with future EMR (from rental income) set aside as is common practice for SWTC thereby ensuring good asset management. Works required to the front façade are included as an integral part of the roof works, benefitting from the provision of scaffolding.

Schedule of Works:

Schedule one: Roof refurbishment (note planning permission is awaited)

Schedule two: To make good the 1st floor enabling Town Council office staff to occupy this site. The new staircase must be in situ enabling this to happen and all fire proofing works must be completed.

Schedule three: to make good on the ground floor units, enabling income to be recognised.

Schedule four: Conversion of 2nd floor and attic space to residential flats

Schedule five: Exterior works (other than roofs)

These are works such as guttering (note some works will naturally be carried out as part of the roof works), windows, rendering etc which will be carried out at the same time as the other works (see also note above under main roof).

All of the above schedules are subject to appropriate planning permissions and resourcing.

Financial summary

At the Full Council meeting held on 9th May 2022, when approval was given to purchase the former NatWest building, the expected total cost to purchase the building, and refurbish it ready for retail or similar use on the ground floors and basement, and office use on the second and third / attic floors, was £750,000.

The confidentially enclosed financial report contains further details of this investment. The finances are shown as a confidential document given the commercial sensitivity of this information and notably that SWTC will post details on Contract Finder to ascertain interest from contractors; it is not therefore appropriate to evidence monies set aside towards repair/refurbishment costs as this may compromise the integrity of the tender process.

Officer Recommendation

To note and receive this report and to approve the schedule of works as noted above.