

REPORT TITLE: Civic Quarter Project Update

To: Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee, Thursday 21st November 2024

Report by:

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Wards affected:

All

1 Recommendations

It is recommended that the Executive Councillor for Finance and Resources, approves the recommendations outlined in the report that includes the business case, Concept Design Report, Public Engagement Report and the Commercial Report for the Civic Quarter including:

- 1.1 Noting the outcomes from the first Public Consultation that took place to shape the outcomes of the Concept Designs.
- 1.2 Approve to proceed to the next stage of design with a planning submission in late summer 2025 for the Guildhall, Corn Exchange, Market Square and the associated public realm, carrying out a second public consultation in Spring 2025
- 1.3 Approve the allocation of a capital budget of £55m as set out in 8.3 and delegate authority to the Council's Section 151 Officer to apply the agreed capital financing to the project in the most cost effective way.
- 1.4 Delegated authority to the Chief Executive Officer and Executive Councillor for Finance, and Resources to carry out a procurement process for the appointment of a contractor by Spring 2025
- 1.5 Approve the Civic Quarter Project team to work closely with the Corporate team, Market Operations team, Cultural Services team and Market traders to develop a business plan by Spring 2025 which includes:
 1. Completion of the Terms and Conditions and the balance of trade work on the Market ahead of the proposed second public consultation for the Civic Quarter in Spring 2025
 2. An assessment of the revenue impact of decanting the Guildhall, Market and Corn Exchange
 3. A business plan for the operation of the future Guildhall, Market and Corn Exchange
- 1.6 Delegated authority to the Chief Executive Officer and Executive Councillor for Finance and Resources for the future use of Mandela House subject to review by Property Services.

2. **Executive Summary**

2.1 The Civic Quarter has seen the changes of time and developments over the centuries with the site of the Guildhall celebrating a history dating back 800 years this year, the Corn Exchange approaching its 150th anniversary and a market that dates back over a thousand years.

The council is now looking at proposals for investment in the Guildhall, Market Square, Corn Exchange and public realm, making them fit for a fast growing global city in the 21st century society that our residents can be proud of.

2.2 This report outlines investment proposals that include:

- 1) making our heritage buildings net zero, and improve biodiversity and water efficiency across the site
- 2) improving accessibility and creating a welcoming new civic heart open to the public
- 3) consolidating office space in the city and creating a working environment that supports staff retention, collaboration and enhanced productivity
- 4) creating space for a cultural attraction within the Guildhall
- 5) saving the council money by reducing running costs and creating opportunities for additional income

2.3 Designs at this stage are concept, indicative and will continue to evolve depending on feedback from staff, traders, members and the public as well as financial constraints. The investment proposals provided in this report are target budgets based on current information and have been reviewed by Calford Seaden, the council's employers' agent (Project Manager and Quantity Surveyor) who will continue to provide independent advice for the council.

It should be noted that further survey work, reviews with the planners and market conditions will mean cost risks remain. Early contractor engagement will de-risk the project further by providing greater cost assurance.

2.4 The Guildhall

- 2.4.1 For the Guildhall, a number of options were considered as set out in this report. The recommendation is to proceed with Option 3 (Commercial Offices with a Cultural Attraction) which retains the entrance area – the heart space - for the public and all users of the building on the Ground floor, with council staff located at Ground, First and Second floors. The Civic Spaces are retained on the first floor, and Commercial Office space, accessed separately from Peas Hill, on the upper floors. This is set out in pages 2-4 of the Concept Design Report Executive Summary (Appendix 1). This option includes meeting the new Net Zero Standard.

Option 3 includes an opportunity for a Cultural Attraction and discussions are in progress with the Museum of Cambridge. As this depends on the Museum of Cambridge attracting external funding, which is uncertain, the design team have assumed a fallback position of

Option 2a (Office provision) in their technical reports.

- 2.4.2 The indicative investment budget to refurbish the Guildhall for the preferred option is estimated at c.£41m.

This current net running cost of the Guildhall and Mandela House is c £2.4million. This investment is estimated to generate a net saving for the council of c. £1,000,000 per annum after the cost of capital.

- 2.4.3 Decant options will focus on committee and civic spaces as it is expected that Mandela House will continue to provide office space for staff and existing tenants until works, if approved, are completed.

2.5 The Corn Exchange

- 2.5.1 For the Corn Exchange, investment proposals include designs to increase revenue streams including fire capacity increase to c.2000; delivery of additional events and enhanced bar offerings. This is set out in pages 5-7 of the Concept Design Report Executive Summary (Appendix 1).

Proposals include transforming Parson's Court into an attractive Food and Beverage offer with a transformed pedestrianised breakout space. For the Corn Exchange, designs include: additional lifts to make the building fully accessible; expanded back of house facilities; new plug-and-play Audio Visual systems will allow a quicker turnaround of events allowing more daytime use for conferences and new mechanical ventilation and cooling systems are proposed to improve the experience for audiences during performances.

There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps are proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy.

- 2.5.2 The cost to redevelop the Corn Exchange, along with Parsons Court, is estimated at c.£22m. With constrained council finances, it is recommended the committee approves an initial budget of £4.5m as Phase 1 to enable completion of a full roof replacement (as well as immediate emergency repairs), including insulation and installation of PVs on the roof. Phase 2 will be completed when funds permit.

It is also recommended to develop a new business plan for the Corn Exchange that includes consideration of additional funding routes, the revenue model and the impact of a period of closure on the Corn Exchange. Approval of further funding beyond the initial £4.5m will remain subject to the agreement of the business plan.

Investment in the new designs, according to initial financial modelling, could produce an increase in revenue for the council.

2.6 The Market Square including surrounding public realm

- 2.6.1 For the Market Square, investment proposals include designs for a lightweight canopy to cover approximately half of the market. The canopy will support traders in permanent stalls as well as providing storage for market operations and seating for the general public. This is set out in pages 8-10 of the Concept Design Report Executive Summary (Appendix 1)

The remaining space in the market will be available for additional trading during weekends and busier months using demountable stalls, while also providing opportunity for occasional event space.

The proposals also include an accessible shared surface approach surrounding the market. While vehicular access for blue badge holders and emergency vehicles are maintained, the shared surface approach promotes and prioritises greater pedestrian use, while addressing issues of motorised scooter use around the square.

The investment includes sustainability improvements to biodiversity with more tree planting along with a commitment to water efficiency and the use of renewable energy.

- 2.6.2 The investment to deliver the improvements to the market, including surrounding public realm, is estimated at c.£12.6m. Improving the market square is a priority, but with constrained council finances, it is therefore recommended that an initial capital investment of £3m as Phase 1 is approved to support re-surfacing works with phase 2 to be considered at a later date.

A detailed business plan will be developed for the market that will consider further funding opportunities, a Balance of Trade policy, and management approach for a fully redeveloped market. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

- 2.6.3 Redeveloping the market square offers multiple benefits beyond the purely commercial aspect. The introduction of placemaking improvements—such as the ability to host events and an enhanced market – will create a vibrant public space for cultural events, social gatherings, and local commerce, further boosting the city's identity and enhancing the overall urban experience.

The improved placemaking should lead to increased occupancy improving the long term viability of the market.

2.6.4 On 9 October the Market Traders Group were asked to give a steer on their preferred decant option if works are approved (see 4.13.1). This was followed up with an all-trader survey. The majority of respondents (88%) supported the principle of remaining close to the Market Square shown in options 1 (21%) and 2 (67%), with little support expressed for an off-site solution. Therefore, option 2 will form the basis of the next stage of design with option 1 to continue to be tested. Consideration will need to be given to engagement with local businesses as part of the development of the decant approach.

As part of the decant process, a support package for market traders will be developed to ensure the decant process is as smooth as possible.

2.7 Engagement

2.7.1 The report includes the outcomes of the first public consultation process and demonstrates how the extensive engagement undertaken has influenced the design proposals and preferred business case options, including how Community Wealth Building (in section 8.7) and support for Cultural Services will be delivered through the project.

2.7.2 The first consultation period began on 17th June and concluded on 28th July 2024. During the engagement period, 885 survey responses were received through the Council's online consultation portal. This is the highest level of response since the introduction of the online portal. This included 863 individuals and 22 responses from representatives of organisations.

Section 4.5 outlines the key findings from the engagement process.

2.8 Overall Costs and Programme

2.8.1 Total costs are outlined below:

Stage 3 Design Costs for whole Civic Quarter to Planning	£3.6m
Construction allowance for Guildhall – option 3	£41m
Construction allowance for priority Market Square Works	£3m
Construction allowance for Corn Exchange roof replacement	£4.5m
Council on-costs (further professional fees and staff costs)	£2.9m
Total	£55m

The key expenditure in the 2024/25 and 2025/26 financial years will be the Stage 3 Design Costs. No construction expenditure is expected until the 2026/27 Financial Year.

2.8.2 Programme

The report also considers funding, procurement, programme and phasing options for the delivery of the project. The indicative programme below highlights the next steps

Milestone	Target date
S&R Committee	Nov 24
Design development and reviews	Dec 24
Building Surveys start	Dec 24
Design development and reviews	Jan-March25
Appointment of contractor	April 25
Target public consultation 2	Spring 25
Design development and reviews	June-Sept 25
Submission of planning applications	Sept 25
Planning Approval	June 26
Build Contract signed	Sept 26
Start on Site	Oct 26

2.8.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains detailed cost reports that may impact a future procurement process and commercially sensitive information on existing business models. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3 Alternative options considered

3.1 The January 2024 report considered the alternative option of disposal of the Guildhall and Mandela House, and subsequent acquisition of a lease for alternative offices. This resulted in a lower Net Present Value over 30 years compared to retention and redevelopment of the Guildhall, as well as cultural and civic loss associated with the disposal of the Guildhall.

This paper sets out a number of alternative options for the Guildhall use, with analysis provided in section 4.10. The preferred option is considered to provide the optimal balance of net savings to the council, future flexibility and community use. Alternative funding options have also been considered at section 8.4.1.

4 Background and key issues

4.1 The January 2024 Strategy and Resources Committee approved a budget of £1.45m for progression of a design to RIBA Stage 2 and accompanying commercial report for the Guildhall, the Market Square, the Corn Exchange and connecting public realm.

Following an open tender process, a development consortium led by Cartwright Pickard Architects was appointed in April 2024. The consortium includes a commercial advisor, engagement advisor and design specialists in sustainability, landscape, transport, heritage and engineering.

4.2 This report refers to RIBA Stages. This are a widely recognised framework established by the Royal Institute of British Architects (RIBA) for Construction work. They organise the process of managing and designing construction projects into eight easy-to-understand stages.

Stage 0 Strategic definition	Project Brief
Stage 1 Preparation and Briefing	Initial design concepts: “proof of concept” for the Guildhall and Stage 1 LDA Report for market
Stage 2 Concept Design	Testing of concepts and public consultation 1 This is what is being presented in this report
Stage 3 Detailed Design	Design refinement, public consultation 2 and planning submission
Stage 4 Technical Design	Technical designs for contractor; often part of the build contract
Stage 5 Construction	Refurbishment and Build contract
Stage 6 Handover	Handover to the council with defects period
Stage 7 Use and Maintenance	Management and operation of the building

4.3 Initial Project Objectives

4.3.1 Guildhall

The procurement brief set the following requirements for each asset for the stage 2 work:

- 1) Sustainability – the Council will require the Guildhall to be an exemplar project with a Net Zero Carbon aspiration.
- 2) Office – the proposals should demonstrate that the Guildhall is capable of providing sufficient modern office desk space to accommodate current and future needs of the Council.
- 3) Civic function – the proposals should demonstrate how the core civic functions will continue to be met. In addition, the building should accommodate a Customer Service function for the public.
- 4) Commercial use - Opportunity should be taken to maximise commercial use for areas of the building surplus to required office and civic use.

4.3.2 Market Square

- 1) Proposals should accord with the agreed vision for the Market Square presented to the Environment and Community Scrutiny Committee in March 2022. The vision includes for 'a bustling 7-day market, space for seating and eating, additional business and social opportunities and engaging and inclusive cultural events will add to the richness of the area, making this an active day and evening hub in the city centre for local businesses, residents, and the wider community.'
- 2) Proposals should respond to existing limiting factors affecting the market square, including limited accessibility due to uneven surface and the surrounding highway uses, and lack of an evening offer.
- 3) Proposals should also set out decanting options during works period that maintain current levels of trade.

4.3.3 Corn Exchange

Proposals should improve:

- 1) the acoustics of the Corn Exchange
- 2) the spend per head of customers
- 3) energy efficiency and reduce annual operational costs.

The brief was subsequently extended to include Parsons Court and the Council-owned premises above the current Box office at no.3 Parsons Court. Following a slight reduction in overall capacity following a fire assessment, it was also agreed that proposals should restore previous fire capacity as a minimum.

4.4 Design Proposals for Public Consultation 1 (Appendix 5, p.93-104)

4.4.1 The key features from the proposals that formed the basis of the public consultation are set out below. A number of these proposals evolved following the consultation process as set out in 4.9, notably the move away from the hotel as the primary commercial option.

4.4.2 Guildhall:

- 1) New lightwells created that extend into existing basement area, creating additional usable floorspace.
- 2) Shared ground floor lobby, with café for use by public, council staff and commercial occupiers
- 3) primary Commercial option proposed as a hotel – this was advised as the most attractive commercial option, with third party leased or managed offices as alternative commercial use.
- 4) To accommodate hotel requirements for upper floors, council office staff to be located in new basement area, ground and first floors.
- 5) Extensive use of Photovoltaics (PVs) on roof and major internal retrofitting to deliver Net Zero enhancements.
- 6) Extension of 4th floor roof area to create rooftop pavilion space
- 7) a range of commercial uses for the parts of the building not occupied by the council were initially considered, including student accommodation, residential and retail uses, the advice of the consortium's commercial advisor was clear that hotel or commercial offices were the two most attractive and deliverable uses for the Guildhall.

4.4.3 The Market square:

- 1) Establishment of permanent structure on southern edge of market to provide storage and Food and Beverage offering.
- 2) Mix of permanent and demountable stalls to allow the market to grow and contract during the week
- 3) More formal events space created on northern edge of market
- 4) Tree planting on and surrounding the market square

4.4.4 The Corn Exchange:

- 1) New roof proposed with enhanced insulation and PVs
- 2) Deep acoustics/Audio Visual equipment upgrades
- 3) Revamped main bar and additional Food and Drink offering to increase spend per head, including use of Parsons Court and no.3 Parsons court as additional Food and Beverage offering.

4.5 Consultation, engagement and communication

4.5.1 The Civic Quarter is a major project with multiple stakeholders. An extensive engagement process was designed to ensure feedback from the public and external stakeholders was received and would influence design development. Concurrently, the consortium engaged in a Planning Performance Agreement with Greater Cambridge Shared Planning Services, ensuring significant feedback from planning officers during Stage 2. In addition, both staff and Councillors provided additional feedback on design requirements and emerging proposals.

4.5.2 The consortium's Engagement specialists, ECF Communications, undertook community and stakeholder engagement on behalf of the council on the proposals set out in 4.4. The first consultation period began on 17th June and concluded on 28th July 2024. During the engagement period, 885 survey responses, through the Council's online consultation portal were received. This is the highest level of response since the introduction of the online portal. This included 863 individuals and 22 responses from representatives of organisations.

In addition, 15 feedback emails were received from individuals and 4 formal written responses from groups. In relation to the market, 60+ market traders engaged through a roadshow, dedicated workshop, webinar, surveying and online engagement. To reach a wider audience across Cambridge, 6 pop-up events were organised in Abbey, Arbury, East Chesterton, Market, Romsey and Trumpington wards with 100+ people engaged, and a youth workshop organised with 14 attendees. As well as this, a workshop with Cambridge Business Improvement District members, 4 community workshops and 3 themed workshops on Sustainability, Transport and Heritage took place.

4.5.3 The outcomes of the first public consultation were presented to the Civic Quarter Liaison and Market Traders groups on 9 October 2024 and the full report published on the [project website](#), the Council's website and via the Council's online consultation portal. This can also be viewed at Appendix 5.

Key themes from the engagement feedback included:

Guildhall

Desire was expressed for the building to be more open, and an inviting space with the inclusion of community uses. The proposal for a hotel in the Guildhall received mixed feedback, with a lot of support but also a lot of opposition.

Market Square

Further improvements to the security and deterring anti-social behaviour in the square were needed, along with enhanced biodiversity and sustainability.

Accessibility was a key issue, and conflicting views were clear from the feedback gathered. For example, heritage groups and some traders preferred to retain the granite setts (i.e. the cobbles), while other traders raised the challenges in cleaning the setts and accessibility.

Wheelchair users also highlighted the accessibility issues created by the setts. The

addition of a permanent structure and demountable stalls received some support with others less enthusiastic, while there was considerable support for measures to improve the biodiversity of the market.

Corn Exchange

Support was demonstrated for measures that improved acoustics, accessibility and the atmosphere, including support for enhancing the bar areas. The uninviting nature of current entrance and the proximity to the road network when queuing were seen as areas that needed improvement.

4.6 Planning Feedback

4.6.1 The consortium entered into a Planning Performance Agreement with Greater Cambridge Shared Planning Services. Engagement over the period included an officer walkaround, breakout sessions on each site as well as a separate Movement breakout focussed on the public realm, and two formal all party pre-application meetings. An initial meeting with Historic England also took place.

4.6.2 At completion of Stage 2, the key principles of redevelopment for the Guildhall and Corn Exchange were accepted. Officers were content with the direction of travel for the Corn Exchange. Key risks for the Guildhall remain the treatment of certain historic spaces, the appearance and use of a rear extension, and the size and appearance of rooftop plant screening. Officers were not opposed to hotel or office use but were more supportive of a potential incorporation of a cultural attraction.

4.6.3 The development of the proposed canopy structure was seen as potentially positive, albeit further detail would be needed to assure the planners of its benefits given the sensitive location.

4.6.4 Currently, the preferred design approach for a shared surface around the market will require further discussion and development during RIBA Stage 3.

The trade-offs between heritage and accessibility were recognised and retention of the setts was the clearly stated preference, which has influenced the approach to 'lift and level' the setts rather than surfacing over the setts.

Further engagement with key planning stakeholders particularly Historic England and Cam Cycle will be required in RIBA Stage 3.

4.7 Staff and Member feedback

4.7.1 Ahead of design development, workshops took place with Council teams, including Democratic Services, Customer Services and a cross section of office users to capture key design requirements for the Guildhall. Similarly, workshops were held with Markets and Cultural Services team to understand operational requirements for the Market and Corn Exchange. A cross-party Member Steering group also provided input.

4.7.2 The key feedback in relation to the Guildhall centred around the balance between council

office space, community/cultural space and the need for commercial revenue. The importance of a working environment that supports staff retention, collaboration between staff and enhanced productivity was fed back to the design team. In addition, there was a strong desire to support a community and cultural space within the Guildhall.

- 4.7.3 In relation to the Market Square, the design trade-offs that emerged during the pre-application process between accessibility and sustainability objectives on one hand and heritage and highways aims on the other was recognised, particularly in relation to treatment of the setts and greening of the market and surrounding areas.

However, the primacy of accessibility and sustainability as overarching objectives for the Council was confirmed. This recognises the Council's obligations under the Equality Act 2010 and the commitment to Net Zero on Council assets by 2030, and internal feedback promoted an ambitious approach for the market that would facilitate a modern trading environment to safeguard the enduring appeal of the market for residents and visitors.

4.8 Future Engagement

- 4.8.1 If approved, the RIBA stage 3 design process will commence in December 2024. Public Consultation 2 is proposed for late Spring 2025, ahead of a planning application in late Summer 2025. Additional engagement with members and staff will continue through the RIBA stage 3 process to ensure the emerging designs reflects the needs of users.

- 4.8.2 In relation to the market, following approval at the Environment and Community Scrutiny Committee in March 2024, engagement with traders on updates to the market's Terms and Conditions and Market Licensing Powers will be undertaken by the Markets Team, with a consultation period commencing in January 2025.

Alongside this, engagement on a Balance of Trade Policy will also be developed. This will enable a settled position on Terms and Conditions and Balance of Trade to be reached by March 2025 which will enable the Stage 3 designs to be developed to reflect these settled positions.

4.9 Development of preferred design options

4.10 Guildhall

- 4.10.1 Following the engagement process which validated much of the design work, the council undertook an options appraisal on the commercial options.

Therefore, five options were reviewed: three office options (leased, management agreement, leased with Museum of Cambridge space) ; and two hotel options (one with the Museum of Cambridge).

The commercial advisor undertook significant engagement with hotel operators and office agents as part of the development of these options. Further detail on the financial performance of each option is provided in the commercial report at Appendix 3, p.22.

- 4.10.2 The analysis demonstrates that the hotel options generate the highest per annum revenue

levels for the council. However, these options also require the highest level of capital investment.

Although the hotel options continued to demonstrate the highest level of commercial return and security of income with a 25 year lease these options offered less future flexibility for council workspace and no cultural or community offer.

On the other hand, the office options, whilst providing more flexibility for council workspace and a cultural or community offer, generates less commercial revenue and will be within a more volatile office market environment.

Option 3 retains the entrance – the heart space - for the public and all users of the building on the Ground floor, with council staff located at Ground, First and Second floors, with the Civic Spaces being retained on the first floor, and Commercial Office, accessed separately from Peas Hill, on the upper floors. This option includes meeting the new Net Zero Standard

Option 3 includes an option for a Cultural Attraction and discussions are in progress with the Museum of Cambridge. The Council currently owns the Museum of Cambridge's current premises, and the opportunity to relocate the Museum to the Guildhall offers potential benefits to all parties.

If approved, Option 3 will be explored further with the Museum of Cambridge or another cultural attraction. As Option 3 depends on the Museum of Cambridge attracting external funding, which is uncertain, the design team have assumed a fallback position of Option 2a (Office provision) in their technical reports and assumed a 2/3 lease and 1/3 management agreement for the commercial space.

Full details of the RIBA stage 2 designs for the Guildhall can be seen at Appendix 2, section 3 and schedule 1 to Appendix 2. It is recommended that the scheme is now progressed to RIBA Stage 3 through to a planning application.

4.11 Corn Exchange

- 4.11.1 For the Corn Exchange, designs include: increasing fire capacity to c.2000 due to better movement flows and additional fire escapes; additional lifts to make the building fully accessible; expanded back of house facilities; new plug-and-play Audio Visual systems will allow a quicker turnaround of events allowing more daytime use for conferences and new mechanical ventilation and cooling systems are proposed to improve the experience for audiences during performances.
- 4.11.2 In addition, a remodelled bar area, including additional mezzanine bar will improve the customer experience and bar revenues as well as facilitating movement throughout the building. The inclusion of Parsons Court has also enabled the transition of this space from a bin storage area into an attractive Food and Beverage offer with a transformed pedestrianised breakout space for the Corn Exchange.

4.11.3 Consultation feedback also demonstrated the inherent risks with proximity to traffic when queuing for entrance or leaving the venue. While the plans will need further development and discussion with planners at RIBA stage 3, the proposals include for the removal of the right turn out of the Grand Arcade and enforcement of traffic restrictions on Corn Exchange Street, Wheeler Street, Benet Street and Market Street.

4.11.4 There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy. A future potential connection to a district heating network is also feasible.

4.11.5 Full details of the RIBA stage 2 designs for the Corn Exchange and surrounding Public Realm can be seen at Appendix 2, Section 4, and schedule 1 to Appendix 2. It is recommended that the scheme is now progressed to RIBA stage 3 through to a planning application.

4.12 Market Square

4.12.1 Indicative designs for a lightweight canopy structure have been developed in response to feedback from public consultation 1 and the pre-application process on the location of the canopy, the impact on views to the Guildhall and the impact on footfall flow into and out of Rose Crescent.

This lightweight canopy is proposed to cover approximately half of the market, to support a critical mass of traders at all times of the year, with the remaining space in the market available for additional trading during weekends and busier months, while also providing opportunity for occasional event space.

The proposals also include the establishment of a more accessible shared surface approach for the roads surrounding the market. While vehicular access for blue badge holders and emergency vehicles is maintained, the shared surface approach, supported by reduced kerb levels, promotes and prioritises greater pedestrian use. In addition, the traffic management approach, together with appropriate enforcement, will tackle the issue of motorised scooters that impact usability of the square.

Full details of the RIBA stage 2 proposals for the Market Square and surrounding public realm can be seen at Appendix 2, Section 5. It is recommended that the scheme is now progressed to RIBA stage 3 through to a planning application.

4.13 Market Square Decant and Support Package

4.13.1 To deliver a high quality market in accordance with the agreed vision, it will be necessary for market traders to decant from the market square during construction. Feedback from traders focussed on the desire to stay close to the existing location in order to retain continuity of trade with customers as far as possible, while maintaining a nucleus of stalls together.

This feedback informed the development of two high level decant options that would locate traders in roads close to the Market Square. Under option 1, Peas Hill, Guildhall Street and Sidney Street were identified as locations that could house market stalls during

the decant period, while under option 2, the Market Square works would be phased, enabling some traders to remain on the square, with Peas Hill and Guildhall Street accommodating other stalls.

A third option was for the market to move 'off-site' to another location in the city during the works. Options were presented at the Market Traders Group on 9 October, with a summary of the presentation subsequently issued to all traders. Details of the options can be viewed at Appendix 2, p.191-192.

While it was recognised none of the options were fully developed and all would need significant additional detail around servicing, waste and ensuring requisite permissions are agreed the majority of respondents (88%) supported the principle of remaining close to the Market Square shown in options 1 (21%) and 2 (67%), with little support expressed for an off-site solution. Therefore, option 2 will form the basis of the next stage of design with option 1 to continue to be tested. Consideration will need to be given to engagement with local businesses as part of the development of the decant approach.

4.13.2 As stated in section 1.5, it is recommended a Business plan is developed by Spring 2025 which will include the impact of decanting and the future operation of the market. As part of the decant process, there will be a support package for market traders to ensure the decant process is as smooth as possible. This will be fully developed when a contractor is appointed to assist with the phasing and construction impacts.

Support will include:

- 1) upgrading the market web site
- 2) signage to assist shoppers
- 3) A compensation package considering relocation costs
- 4) Business support advice

5 Corporate plan

- 5.1 The Civic Quarter project and decisions around proceeding to the next stage has wide ranging positive impacts on the Council's new vision.

Residents enjoy a high quality of life and exemplar public service

The works to the public realm will create enhanced open spaces with trees and seating for all to enjoy.

The Guildhall will become the focus for residents and communities to engage with the Council for civic, democratic and customer services. The operational savings from consolidating staff accommodation and commercial income will support the delivery of front-line services.

Decarbonisation and sustainability are central to prosperity

The project will make the Guildhall operational net zero, and the Corn Exchange will become significantly more energy efficient, although further work is needed to understand, due to heritage issues, whether Enerphit standards can be met in full.

The market square and public realm will see investment in sustainability to improvements to biodiversity with more tree planting and increasing green spaces along with a commitment to water efficiency and the use of renewable energy.

Innovation benefits people and planet

The project will rejuvenate this part of the city and investment in the Market will help to enhance its long-term viability, together with improvements to the Corn Exchange and will support a thriving local economy which benefits residents and workers.

Development is sustainable and inclusive

The project will invest in our heritage buildings, meeting net zero standards making them accessible with inclusive facilities, with more options for community use.

Arts, sports, and culture are thriving

The investment in the Corn Exchange and the Guildhall halls and by making them more accessible will contribute to the City's diversity through a vibrant arts and cultural scene, including music, food and drink.

Democratic accountability is genuine and accessible

The community engagement and the inclusion of stakeholder groups are an important part of the project, and this will continue through the next stage of the design work. The feedback and views received have shaped the concept design proposals.

6 Consultation, engagement and communication

Please see sections 4.5 – 4.8.

7 Anticipated outcomes, benefits or impact

Please see sections 4.10 – 4.13, 5.1, 8.2, 8.5, 8.7

8 Implications

8.1 Relevant risks

The project has a comprehensive risk register with mitigation measures; however, the key risks are set out below:

8.1.1

Business case

Risk: The costs included for the refurbishment are indicative based on the work done to date on the concept design stage and are subject to detailed surveys e.g. intrusive asbestos surveys. The value for the future use of Mandela House forms a significant part of the overall budget for the Guildhall refurbishment and market forces may not realise the expected value.

Mitigation: Stage 3 detailed design work and early engagement with appointed contractor will firm up the costs. Employers' agent, Calford Seaden reviewing the cost plans submitted by the design consortia.

8.1.2 **Project scope and benefits**

Risk: There is a risk that Cambridge residents may misunderstand the project's benefits. This risk is heightened by the current need for the Council to make budgetary savings, as well as the ongoing cost-of-living crisis.

Mitigation: To address this, it is essential to adopt clear, consistent messaging that highlights the long-term financial benefits of the project. This includes communicating that the project will deliver annual operational savings and generate additional income, ensuring that Cambridge residents and decision-makers understand its long-term value.

8.1.3 **Stakeholder Engagement**

Risk: The project touches upon a wide range of stakeholders, many with a significant interest and if not effectively managed there is a risk that future changes are not well received nor meet needs and that emotive risks around the project will emerge.

Mitigation: - Key role for Communications Consultant in the design consortium, working alongside Council's Communications team. Communications Strategy and comprehensive stakeholder list in place. Project governance includes the continuing key groups of Civic Quarter Liaison and Market Traders Groups. A second public consultation and further engagement is planned as the project moves to the next stage.

8.2 Financial Implications

8.2.1 The Financial implications of the Civic Quarter work is set out below and has been

reviewed by the Council's Section 151 Officer. Both cost and revenue figures reflect current day figures with no allowance made for inflation. This approach aligns with standard industry practice when assessing redevelopment opportunities and has been reviewed by Calford Seaden.

The financial assessments do not reflect any loss of profit arising from cessation of revenue streams for the Guildhall and the Corn Exchange during a period of closure of the buildings to allow for works to be undertaken. There may also be a period of the business streams re-establishing themselves after closure before the per annum figures set out below are reached. This will form part of the business plans for the Market, Corn Exchange and the Guildhall as set out in section 1.5.

8.2.2 The January 2024 S&R report included a financial analysis based on a 'proof of concept' design for the Guildhall with commercial office assumed as the primary commercial use for the non-council areas.

This preliminary analysis did not take into account the cost of capital as the project was still at an early stage and potential sources of capital financing were still uncertain.

The updated analysis below now assumes that first £36m of capital investment is financed from civic quarter reserves and £16m capital receipts. The remaining investment will be funded through external borrowing.

The table shows that the project delivers a significant net saving for the council even after the cost of borrowing is taken into consideration.

	Income	Existing Scenario	Recommended Option 3
	Commercial Office net Income	£114,000 ¹	£474,000 ²
	Cultural Services net income (Guildhall Halls)	£3,000 ³	£129,000 ⁴
a	Total Annual Net Income	£117,000	£603,000
	Costs		
	Annual operational cost of Guildhall and Mandela	£2,568,000 ⁵	
	Annual operational cost of refurbished Guildhall		£515,000 ⁶
	Annual cost of capital		£1,507,500 ⁷
b	Total Annual Cost	£2,568,000	£2,022,500
b-a	Net annual Cost to Council	£2,451,000	£1,419,500
	Net Annual Revenue saving compared to existing		£1,031,500

¹ S&R January 2024 Civic Quarter Proposals

² Page 5 Commercial Report (Appendix 3)

³ 2024/25 Forecast, Page 22, Commercial Report.

⁴ Page 22, Commercial Report year 3 figure

⁵ S&R October 2022 Future Office Accommodation Strategy

⁶ Page 13, Commercial Report

⁷ S151 Officer treasury management calculations

8.2.3 The Market Square

The proposed investment for the market will improve the destination and environment. In turn, it is reasonable to expect this will positively impact both occupancy due to:

- Improved destination is perceived as a more favourable option to consumers;
- Increasing numbers of consumers results in greater money is spent at the market;
- As consumer propensity to spend more time & money at the rejuvenated Market Square increases, traders have more opportunity to produce revenues and occupancy levels increase.

The Commercial advisors have assumed an improvement in occupancy to reflect the improved environment and this results in an enhanced operating margin of the market

8.2.4 Redeveloping the market square offers multiple benefits beyond the purely commercial aspect. The introduction of placemaking improvements - such as the ability to host events and an enhanced market – will create a vibrant public space for cultural events, social gatherings, and local commerce, further boosting the city's identity and enhancing the overall urban experience.

The investment proposals to deliver the improvements to the market, including surrounding public realm, is estimated by Marick, the consortium's commercial advisors at c.£12.6m, with the cost plan having been reviewed and validated by Calford Seaden. The council, at this stage, does not have the funds to commit to full redevelopment, however, it is recommended that an initial budget of £3m is approved to support priority works on the market within the proposed scheme (Phase 1). These are currently considered to be the re-surfacing works.

Should works be completed in more than one phase, overall costs would increase above the £12.6m level.

8.2.5 It is also recommended that a detailed business case be developed for the market that will consider further funding opportunities, a Balance of Trade policy, and management approach for a fully redeveloped market. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

8.2.6 Corn Exchange

The cost to redevelop the Corn Exchange, along with Parsons Court, is estimated at c.£22m. The cost plan has been developed by Marick, the consortium's commercial advisors and has been reviewed and validated by Calford Seaden. Should works be completed in more than one phase, overall costs would increase above the £22m level.

It should be noted that in the event of a wider redevelopment not occurring, the current roof would need replacing and significant works would be needed to support the Council's Net Zero 2030 commitment.

The proposals include significant interventions that are designed to increase revenue streams. These are driven through 1) fire capacity increase to c.2000 2) Delivery of additional events and 3) Enhanced bar offerings.

8.2.7 The Commercial Advisor’s projections demonstrate an increase in net surplus per annum over a five year period if the full suite of works were completed.

Despite the significant improvements that the proposals would bring, there remains a significant gap between available funding and the full £22m cost of the works.

It is therefore recommended to approve an initial budget of £4.5m. This will enable completion of a full roof replacement (as well as immediate emergency repairs), including insulation and installation of PVs on the roof as Phase 1.

8.2.8

It is also recommended to develop a business plan for the Corn Exchange, that includes consideration of additional funding routes, the revenue model and the impact of a period of closure on the Corn Exchange. Approval of further funding beyond the initial £3m will remain subject to the agreement of the business plan.

8.3 Overall Costs

8.3.1

Across the Civic Quarter, approval is sought at this stage for £55m. The table below sets out the component parts of this. Costs reflects the current designs but remain indicative at this stage and will be further developed through the RIBA Stage 3 process, and particularly following appointment of a contractor under a two stage tender process as set out in section 8.8.

Stage 3 Design Costs for whole Civic Quarter to Planning submission and technical design for Guildhall	£3.6m
Construction allowance for Guildhall – Option 3	£41m
Construction allowance for priority Market Square Works (Phase 1)	£3m
Construction allowance for Corn Exchange roof replacement (Phase 1)	£4.5m
Council on-costs (further professional fees and staff costs)	£2.9m
Total	£55m

The key expenditure in the 2024/25 and 2025/26 financial years will be the Stage 3 Design Costs. No construction expenditure is expected until the 2026/27 Financial Year.

8.4 Funding Routes

8.4.1 The January Strategy and Resources approved the provision of £20m of reserves for the redevelopment of the Civic Quarter. In addition, a further £16m was assumed through capital receipts, and a further £1.5m of Cambridgeshire & Peterborough Combined Authority (CPCA) funding has been approved subject to a business case.

Subsequently a request to the government to reallocate £1.5m of unspent A14 funding to the Civic Quarter has been submitted.

The Commercial advisor considered alternative funding options including an Income Strip approach for the Guildhall but this has been discounted

The funding gap is likely to be met through external borrowing.

8.5 Net Zero Carbon, Climate Change and Environmental implications

8.5.1 The RIBA stage 2 designs have been tested against the project's key Sustainability targets of Operational Net Zero for the Guildhall, water neutrality and a Biodiversity Net gain of 20% across the Civic Quarter. Proposals have been developed by the consortium's Sustainability consultant, Max Fordham who provided MEP Engineering and Sustainability services on the exemplar Entopia building in Cambridge and specialise in low-carbon design.

One of the restricting factors at commencement of design was the absence of an agreed Net Zero standard. Therefore, delivering to Enerphit standards - which can be characterised as Passivhaus for existing buildings – was agreed with the planning officer as the appropriate tool to drive the required improvements to existing buildings.

Towards the end of the RIBA stage 2 process, the Pilot Net Zero Building Standard was released. Modelling was undertaken that demonstrated the proposed Enerphit interventions to the Guildhall deliver the required improvements to meet the new Pilot Net Zero Standard, without the need for offsetting. The design also allows for a potential future connection to a district heating network.

There are a number of heritage challenges to making the Corn Exchange sustainable, but the investment includes design improvements getting as close to Net Zero as possible. Enhancements to the fabric of the building along with air source heat pumps are proposed to significantly reduce energy consumption and maintenance costs. Solar Photovoltaic (PV) panels are proposed on both sides of the large roof which will also generate significant renewable energy. A future potential connection to a district heating network is also feasible.

These improvements represent a significant achievement on listed buildings and play a major part in demonstrating how the Civic Quarter can contribute to the Council's Net Zero 2030 objectives if the recommendations are approved.

8.5.2 Similarly, the Stage 2 modelling demonstrates that the proposals across the Civic Quarter can support a Biodiversity Net Gain of 20%, and that water neutrality is achievable. The full Sustainability report that sets out these measures is provided in Appendix 2, schedule 5.

8.5.3 Significant further work will be required during RIBA Stage 3 to secure these improvements in the final designs, and the management of user behaviour will also be crucial during the implementation phase. Nonetheless, the designs and modelling to date provide confidence that the overarching objectives are deliverable

8.5.4 Climate Change assessment rating = Medium Positive See Appendix 7 for Climate Change Assessment

8.6 Equalities and socio-economic Implications

8.6.1 An Equalities Impact Assessment for the project has been updated following the

completion of the RIBA stage 2 work. This is included at Appendix 6.

The impact assessment recognises that the project provides the opportunity to make considerable improvements to accessibility to the Market Square and within the Guildhall and Corn Exchange which together with improved facilities, such as Changing Places toilets, will have a positive impact.

Further community engagement work will take place as the project progresses to shape and inform the detailed design stage work. The impact assessment will also continue to be a “live” document and reviewed at key stages during the project.

8.7 Community Wealth Building

8.7.1 The Guildhall and surrounding space combine social and community use, business and the very heart of democracy in Cambridge. Its redevelopment through the Civic Quarter project presents a key opportunity to build community wealth, providing social benefits for local communities, businesses, partners and tourism. Engagement with these groups played a major part in development of the proposals presented in this paper.

A Community Wealth Building Assessment has been undertaken. This demonstrates opportunity to embed community wealth through design, development and occupation phases. The assessment is included at Appendix 8.

8.8 Procurement Implications

8.8.1 In relation to the design team, the terms of the RIBA Stage 2 appointment enabled the retention of the consortium team for further phases, and it is recommended that CPA are engaged for RIBA Stage 3 to retain the continuity of the team.

8.8.2 Calford Seaden have produced a Procurement Strategy that analyses a variety of approaches to contractor procurement, with a Traditional and Design and Build Approach being the two primary routes considered. The full Strategy is included at Appendix 4. While a Traditional model allows the Council’s design team to retain full guardianship of the design, given the importance of establishing cost assurance, the early input of a contractor into the design process is considered a key priority. Therefore, a two stage Design and Build process has been recommended.

8.8.3 This will result in a procurement process being launched that will enable selection of a preferred contractor in Spring 2025. The contractor would enter into a Pre-Contract Services Agreement with the Council, that would enable the Council to harness the Contractor’s expertise on buildability, survey requirements, design and cost implications, alongside the retained Design team.

8.8.4 This would ensure that at the point of both the public engagement, and planning submission, designs would have benefited from involvement of the contractor, with a clear understanding of expected costs for the proposals at each stage. This approach also retains flexibility for the Council, as there is no commitment to enter into a Build Contract unless there is comfort that the final contract sum aligns with available funding.

8.8.5 It is expected that a Public Procurement exercise will be undertaken in early 2025, and

support from the Procurement team will be required.

8.9 Programme and Phasing

8.9.1 The table below sets out key milestones. The programme has been developed with Calford Seaden and Cartwright Pickard Architects and is considered robust.

The delivery programme post planning submission remains indicative. This will be developed further together with a detailed phasing plan following completion of the Market Square and Corn Exchange Business plans and in conjunction with a contractor during the Pre-Contract Services Agreement period.

Date	Key Milestone
21 November 2024	Strategy and Resources Committee
January 2025	Launch of Contractor Procurement Process
January 2025	Launch of engagement of Market Terms and Conditions, Licensing and Balance of Trade Policy
April 2025	Appointment of preferred contractor under PCSA
June 2025	Public consultation 2 launched
September 2025	Planning and Listed Building submissions for Guildhall, Market Square and Corn Exchange
January 2025 (TBC)	Statutory Consultation
June 2026	Planning Approval and commencement of RIBA Stage 4
September 2026	Build contract entered into with contractor
September 2026	Decant of Guildhall, Market Square and Corn Exchange
October 2026	Start on Site
September 2027	Completion of initial priority works for Market Square and Corn Exchange
September 2028	Completion of Guildhall works

8.10 Community Safety Implications

The project team met with the Designing Out Crime Officers as part of the community engagement work in the summer and will continue to liaise with them as the project progresses.

8.11 Project Interdependencies

8.11.1 There are several project interdependencies that are related to the Civic Quarter Project. These include the District Heating Feasibility Study and the proposals for the Guildhall have been designed to enable future connection to the District Heating Network.

8.11.2 The Council's Cultural Strategy was approved at the March 2024 Environment and Communities Scrutiny Committee. The strategy is designed to maximise cultural dividends in Cambridge and is key to realising Cambridge's cultural potential as it adapts to a period of rapid growth and change. The Civic Quarter proposals include the establishment of event space in the Market and enhancement of the Corn Exchange, in alignment with this strategy.

8.11.3 The March 2024 Environment and Community Scrutiny Committee also approved

proposals to commence engagement with traders on updates to the market's Terms and Conditions and Market Licensing Powers will be undertaken by the Markets Team, with a consultation period commencing in January 2025. Alongside this, engagement on a Balance of Trade Policy will also be developed.

8.12 Legal Implications

- 8.12.1 A Report on Title was completed ahead of RIBA Stage 2. This will be refreshed to include Parsons Court ahead of pre-planning public engagement in Spring 2025.
- 8.12.2 The roof of the Guildhall currently holds telecommunications equipment. An 18 month Notice has been served on the operator Cornerstone to remove equipment. This will continue to be monitored.
- 8.12.3 Legal support will be required for the procurement of a contractor, to ensure the appropriate form of contract is used.
- 8.12.4 Legal support may also be required in relation to securing decant locations for the market and potential changes in Traffic Regulation Orders because of the Civic Quarter proposals.

9 Background documents

- 9.1 S&R January 2024 Civic Quarter Proposals

S&R October 2022 Future office Accommodation Strategy

Environment and Community Scrutiny Committee March 2022 Proposed Improved to the Market Square

10 Appendices

- 10.1 Link to appendices can be found here - [Cambridge Civic Quarter: Strategy and Resources Scrutiny Committee - Cambridge City Council](#)

- 10.2 EXEMPT Appendix 3 and schedules: Commercial Report

To inspect the background papers or if you have a query on the report please contact Ben Binns, Assistant Director, Development: email: ben.binns@cambridge.gov.uk