

**Teignbridge District Council
Executive
4 April 2023
Part i**

Future High Street Fund update

Purpose of Report

To provide an update on the progress of the Future High Street Fund Newton Abbot and to determine a heating solution based on the confines of working within a listed building as well as those environmental factors that impact on the Council's carbon reduction action plan.

Recommendation(s)

The Executive RESOLVE to:

- (1) Note the updates
- (2) Agree the use of gas radiant heaters as an efficient way of heating the hall, which takes account of the constraints of the fabric of the market as well as its historic listed status.

Financial Implications

A detailed breakdown of the overall budget was set out in the Part II report to the 4 October 2022 Executive. There are no changes to update Executive on since that report.

The decision on the heating of the Market Hall will have an impact on budget and more detail is set out in sections 3.2.5 – 3.2.10 of this report.

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Legal Implications

There are no specific legal implications arising out of this report. However, implications and risks associated with the project previously identified and reported remain.

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Risk Assessment

Risks to the project were set out in the Executive report of 12 September 2022, 4 October 2022, and 17 November 2022, including the risks caused by additional delays to the project and the impact of additional work on available resources to undertake tasks.

The risks to the project relating to the choice of how to heat the Market Hall are set out in section 4 of this report.

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Environmental/ Climate Change Implications

The environmental and climate change implications relating to the choice of heating for the Market Hall are set out in sections 3.2.11 – 3.2.15 of this report.

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Executive Member

Executive Member for Economy and Jobs, Cllr Nina Jeffries

Appendices

1. Tavistock Pannier Market (main internal image) – gas radiant panels [Pannier Market \(visit-tavistock.co.uk\)](#)
2. Electric heating option

Background Papers

1. [Agenda for Executive on Tuesday, 21st July, 2020, 10.00 am - Teignbridge District Council](#) - Executive approval of the submission of the Future High Street Fund bid, July 2020
2. [Agenda item - Future High Street Fund - Teignbridge District Council](#) - Executive endorsement of the Future High Street Fund Project, April 2021

3. [Agenda for Full Council on Thursday, 22nd April, 2021, 10.00 am - Teignbridge District Council](#) - Council approval of the Future High Street Fund Project, April 2021
4. [Agenda item - Future High Street Fund - Newton Abbot Market - Teignbridge District Council](#) - Council approval of the Market Hall business case, February 2022
5. [Agenda for Executive on Monday, 12th September, 2022, 10.00 am - Teignbridge District Council](#) - Executive report considering update on the Future High Street Fund, September 2022
6. [Decision - Urgent Decision - Future High Street Fund - Teignbridge District Council](#) - Urgent decision to progress actions in Executive report following cancellation of Executive meeting, September 2022
7. [Part 1 Executive report - FHSF Oct 2022.pdf \(teignbridge.gov.uk\)](#) – Executive report providing update, October 2022
8. [Agenda for Full Council on Thursday, 17th November, 2022, 10.00 am - Teignbridge District Council](#) – Extraordinary Council Meeting to agree additional funding and revised business case, November 2022

1. Background

- 1.1 At the Extraordinary Council meeting of 6 September 2022 Council agreed the following:
- 1.2 'With effect from October 2022 officers present a comprehensive written report for each executive meeting (whether held or not) on delivery of the future high street fund (FHSF) and its various projects. The report will set out key objectives and timelines, progress towards them, identify when decisions will need to be made by council / the executive and all other necessary and relevant information about the FHSF to keep councillors fully informed. If necessary, the report may be a part ii or 'exempt item'.
- 1.3 As part of the update to the March 2023 Executive it was highlighted that a decision would be required on how the Market Hall would be heated. Council has delegated authority for decisions on the delivery of the project to the Head of Place and Commercial Services, in consultation with the Executive Member for Jobs and Economy. However, as there is potentially a broader impact on carbon footprint it was considered necessary to gain Executive endorsement of the final decision.
- 1.4 The decision on the source of heating needs to be made now to allow the architects to progress the detailed plans for the Market Hall scheme.
- 1.5 An overview of the options and a recommended approach are set out in sections 3, 4 and 5 of this report.

2. Project updates

2.1 Key objectives

2.1.1 The key objectives for the Future High Street Fund (FHSF) and the Council's successful bid were set out in detail in previous reports to Executive and Council. It is not proposed to reiterate them in this or future update reports.

2.2 Timelines

2.2.1 The Project Adjustment Request (PAR) was due to be submitted early in February, including a formal request to extend the spend deadlines. However, requests to explore changes to the cinema planning application, requiring occupier feedback, has been difficult with one not yet being signed up. Furthermore, the decision on Market Hall heating solution is required as this will impact, cost, programme, operational expenses and ultimately the BCR figures required for the PAR submission. These uncertainties have therefore delayed the submission and it is hoped that progress on agreeing the changes will take place shortly to enable the PAR to be submitted in early April 2023.

2.2.2 Devon County Council have been able to resolve the final objection raised to the loading bay elements of the consultation on the draft Traffic Regulation Order (TRO) for the works along Queen Street. The remaining responses to the TRO for Queen Street will be considered by Teignbridge Highways and Traffic Order Committee (HATOC) with the date yet to be confirmed.

2.2.3 Informal discussions were held early March 2023 with Indoor Market traders and tenants, based on conceptual plans of approvals at Full Council on 17 November 2022 with feedback received to be considered for finalisation of preferred scheme.

2.3 Future decisions required

2.3.1 The Council as the Local Planning Authority is required to determine the planning applications for the new cinema, and changes to the Market Hall and Alexandra Cinema. A date when the applications are to be determined is yet to be confirmed.

2.3.2 Decisions on Queen Street will be taken by HATOC, followed by Devon County Council's Cabinet.

2.3.3 There are no other Council decisions required unless, for example project costs increase beyond the approved budgets.

3. Market Hall heating

3.1 Overview

3.1.1 The Market Hall is currently an unheated space with no ability to introduce insulation due to its protected Grade II listing status. As part of the Council's redesign for the market it has always been planned to provide a heating system that will increase visitors' dwell time and improve the ambiance. We are now at a point where a decision is required on how the space will be heated, to allow the architects to progress with the next stage of design.

3.1.2 Heating the hall will ensure that visitors will remain within the space for a greater period, enjoying food and drink, and any enhanced retail offer. A suitable heating system will also supplement the potential multifunctional uses the space will bring.

3.2 Appraisal of options

3.2.1 As part of the assessment, the design team has recommended the use of radiant heating systems. These systems are suitable for buildings such as Market Hall with high air infiltration rates because they heat surfaces and occupants directly without heating the air. The advice received is that we would ideally heat the space to 16 degrees.

3.2.2 **Gas:** A gas solution is very controllable with the output able to fully adjust from 10%-100% given the heating needed. The building height and requirements lend themselves to this type of heating. The heat would be directed down onto occupants and give a good degree of comfort. These units typically have a life of 10-15 years, at which point the Council could review its heating strategy for the space.

3.2.3 **Electric:** An all-electric heating option is available to utilise. However, the electric radiant heaters are not as controllable as gas units, with them either

being on or off. The use of electric radiant heating will require a greater number of units and need to be mounted at lower level to cover the areas. Due to mounting height limitations, heaters can only be provided to the communal areas, the stalls would need to provide their own electric heaters as part of their fit out. In addition, the electric heaters would not be able to heat the Market Hall space to 16 degrees. These units typically have a life of around five years.

- 3.2.4 **Unheated:** The advice from specialist market consultants, Market Curators, is that we would not attract and retain sufficient customers during cold winter months if the space was unheated. This would have a major impact on the overall viability of the scheme, which would likely result in not achieving anywhere near the same visitor numbers envisaged.
- 3.2.5 **Budget implications:** Whilst original budgets allowed for both cost inflation and contingencies, it had been assumed that a gas heating solution would be acceptable due to its superior effectiveness in heating large volume spaces compared to electric.
- 3.2.6 To enable the electric option an electric substation will be required at an estimated capital cost of £80,000, which would need to be funded from borrowing. This would be an additional substation to the one proposed for the cinema project.
- 3.2.7 The combination of increased capital cost and increased operating expenditure results in the current forecast return for the Market Hall project being reduced from 1.84% to 1.4%. This is based on electric heating being run for 12 years, reverting to the baseline, existing business case operating expenditure figures thereafter. This is for the purposes of comparison of the two options over the first 12 years. There is no assumption in the baseline figures of a material change in utility costs to reflect potential decarbonisation at a later date.

3.2.8 The return suggests that, based on current capital expenditure estimates, the additional cost of the substation could be funded from borrowing while still meeting the required 1% return. Expenditure estimates are not final and will be subject to change when the construction phase of the project is procured.

3.2.9 The cost comparison between gas and electric, based on what the Council currently pays for its gas and electricity per kwh is set out below.

ELECTRIC

Days	Heating kw	hours	% output	% of time	Total kw hours	£ cost per kwh	Cost
182.5	250	10	30%	81%	110,869	0.256	£28,382.40
182.5	250	10	100%	19%	86,688	0.256	£22,192.00
					197,556		£50,574.40
Average cost per month for heating season =							£8,429.07

GAS

Days	Heating kw	hours	% output	% of time	Total kw hours	£ cost per kwh	Cost
182.5	250	10	30%	81%	110,869	0.085	£9,423.84
182.5	250	10	100%	19%	86,688	0.085	£7,368.44
					197,556		£16,792.28
Average cost per month for heating season =							£2,798.71

3.2.10 Until the scheme has been fully designed it won't be possible to give an accurate estimate of usage. Due to the costs and time taken it won't be possible to fully design a gas and an electric option. However, the advice given by the technical consultants is that more in electric would be required to power the additional extraction, point of source hot water heating and ventilations.

3.2.11 **Carbon impact:** The Authority's Part 1 Carbon Action Plan was approved by full council in July 2022. It contains the following targets, policies, and actions in relation to climate change impacts:

TARGET 1: Achieve an 88% reduction in natural gas consumption across buildings that we own and operate by 2025 by switching gas-fired boilers for electrified heating systems.

TARGET 5: Reduce the carbon footprint of the buildings and estate that we own and operate by 90% by 2030 and offset the residual carbon footprint of 10% using carbon offsetting.

3.2.12 Indicative figures suggest that a new gas radiant heating system will consume circa 200,000kWh of natural gas per annum; this represents an increase of 8% relative to 2018/19 gas consumption levels and works against meeting Target 1 and Target 5.

ACTION 39: Review progress towards carbon budgets and aim to limit cumulative emissions to levels consistent with 1.5°C of global warming and well below 2.0°C of global warming.

3.2.13 A gas-fired radiant heating system is estimated to have a life-time carbon footprint of circa 542 tonnes CO₂e over a 15-year period; the equivalent electric radiant heating system will emit 263 tonnes CO₂e over the same period and will emit 50% less carbon dioxide due to the anticipated decarbonisation of the electricity grid.

3.2.14 A gas-fired radiant heating system at Market Hall will consume 1% of our carbon budget allocated for the period of 2025 to 2030.

3.2.15 Following the completion of ongoing decarbonisation projects at Newton Abbot Leisure Centre, Forde House, the Lido, and Broadmeadow, a pipeline of further projects will need to be maintained to ensure we meet our carbon

budgets; this will need to include projects to decarbonise our smaller sites such as Market Hall.

POLICY 1: Following adoption of this plan, we will operate a fossil fuel phase down policy. This means that for the top 14 buildings identified in Section 5.2, when gas-fired heating systems reach end-of-life, they will be replaced with low carbon alternatives.

We will make best endeavours to decarbonise heating in listed buildings such as Market Hall and Old Forde House, however limitations governed by heritage status may prevent us from fully phasing out fossil fuel consumption in these buildings.

3.2.16 **Heritage impact:** The impact of the two options on the character and appearance of the listed building will be part of the planning process. However, it is worth flagging initial concerns at this point, before detailed design work commences.

3.2.17 Gas heaters can be mounted at height above the floor so would be relatively discrete, thus not adversely impacting on the listed market hall. An example of how this looks and works in practice can be seen at Tavistock Pannier Market, with a link provided as Appendix 1 to this report.

3.2.18 Electric radiant heating requires a greater number of units and need to be mounted at lower level to cover the areas. This will have a much more obvious visual impact on the listed building. An example of the units is included as Appendix 2 to this report.

4. Risks

4.1 An all-electric heating system has a more negative impact to the listed building due the need for more units at a lower level. This presents planning risk if the solution does not meet the approval of the planning conservation officer.

- 4.2 If the decision is to choose an electric solution the budget will need to be found from borrowing and will add extra cost to the scheme.
- 4.3 A structural assessment of the existing building may determine that it is unable to support an independent gantry system to support these electric radiant heaters. This would result in the space not being able to be heated to achieve the comfort levels required for customers and lease holders.
- 4.4 Cost to heat the space using all electric option would result in substantially higher utility costs, which even if it can be passed directly on to the tenants, the increased occupational costs will impact the amount of rent able to be charged. This will decrease the net operating income generated from the Asset and if a far more expensive and less adequate heating solution is in place it is likely to impact the lettability.
- 4.5 Cost of additional electric substation will impact the overall business case for the scheme, along with the higher annual running costs estimated to be almost £34,000 more than the gas option.
- 4.6 If the space is not adequately heated it could undermine the expected rental income levels from and for the businesses in the Market Hall if footfall and dwell time reduces significantly in the colder months of the year.
- 4.7 Agreeing a gas solution would contradict our climate policy for carbon action and for achieving net zero status by 2030.
- 4.8 Failure to make a decision on the source of heating would prevent the project from moving forward. Once a heating solution has been agreed the scheme will be designed and there won't be opportunity to revisit an alternative scheme due to the timescale required to complete the work and the deadline to spend the grant funding.

5. Conclusion and recommendation:

- 5.1 The need to determine a heating solution is essential for the design development as well as meeting the future needs of potential retail offer and customers alike.
- 5.2 Working within the confines of the listed building, and being unable to upgrade the building fabric, it is recommended to use gas radiant panels. These are very controllable, will heat the space more effectively and be less obtrusive within the listed market hall. Gas is also cheaper than electric and will result in lower running costs for both the Council as well as its prospective tenants within the redeveloped market hall.
- 5.3 The height of the building also dictates the use of gas radiant panels as they can be mounted at quite a height above the floor, unlike electric radiant panels that needed to be much closer to the floor and would have a more negative impact visually. The heat from the gas radiant panels would be directed down onto to people and give a good degree of comfort, if not the feeling of a fully warmed space.
- 5.4 The project will need an overarching energy strategy covering energy consumption of all types and will be developed as part of the detailed design stage. An opportunity to install additional PV panels on the southern elevation of the Market Hall has been identified as a further opportunity to work toward this, with grants available to fund this.
- 5.5 In the event that a gas solution is not supported a further report will need to be brought forward following the design work to seek approval for the additional budget to cover project costs arising from an electrical solution.