



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	26 JULY 2018
REPORT OF THE:	SPECIALIST SERVICES LEAD GARY HOUSDEN
TITLE OF REPORT:	MALTON LIVESTOCK MARKET
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The report seeks support from Council to develop a relocated Livestock Market for Ryedale.

2.0 RECOMMENDATION

- 2.1 That the Council approve in principle to lead the development of a relocated Livestock Market for Ryedale conditional upon:
- a) the preparation of a business case for the new Malton Livestock Market and
 - b) the preparation of a detailed specification for the new Malton Livestock Market, to include additional facilities to support sustainability and deliver a return to the Council and a revised cost plan based upon this.
- 2.2 That £150,000 to be made available to support the development of a business case, specification and procurement exercise for the preferred Option 2.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Malton Livestock Market is the last remaining livestock market in Ryedale and is greatly valued by the local farming and wider community. The livestock market is considered to be integral to the District's economy, its cultural heritage and its identity. Its presence in Ryedale provides a sustainable focus for the sale and purchase of livestock, helping to reduce food miles and it encourages the trend towards local food production. The local livestock market also helps to reduce the distance that livestock is transported which is considered to be beneficial in terms of animal welfare matters.
- 3.2 The retention of a livestock market within the District is considered to be a vital part of the Council's approach to the land based economy which seeks to support the

traditional components of economic activity based around agriculture and associated businesses.

4.0 SIGNIFICANT RISKS

- 4.1 Residual value of the asset should the relocated livestock market fail. This risk is mitigated by the Council owning the land, which would be transferred from the current owner to RDC as part of the development. The value of the additional facilities, the office block, would remain. The site of the proposed relocated livestock market has a higher value as serviced land than as a functioning livestock market.
- 4.2 The ability of the Auctioneers to pay the rent for the new livestock market. The business plan will make clear that the rent of £20k is reasonable and achievable and may be increased as the livestock market develops the business through the new facility.
- 4.3 Failure to rent the office facilities. Pre-lets would be agreed for the facility.
- 4.4 An indicative plan and elevation of the new livestock market facility showing the pens, sale ring, associated offices and retail letting space and café is attached at Annex 1 to this report.
- 4.5 A new livestock market for Ryedale will not be possible without the support of and investment by the Council. Without this level of investment to relocate it is unlikely that the Malton Livestock Market operating in its current location in the centre of Malton is sustainable.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Council Plan – Priorities - Sustainable Growth.

The Council seeks to promote a strong economy with thriving businesses and supporting infrastructure for future generations. Capitalising on our culture, leisure and tourism opportunities.

- 5.2 LDF – The Ryedale Plan - Local Plan Strategy was adopted in September 2013.

Para 2.28 of the plan states,

Within Ryedale a significant proportion of the workforce is employed in traditional manufacturing and agricultural sectors. Although these activities have experienced decline over the past decade they remain core elements of Ryedale's economy and are likely to experience further restructuring in the future.

The Aspirations and Strategy section of the plan goes on to state,

Aim 1.

To create opportunities to retain and create jobs, skills and prosperity and to develop adverse and resilient economy that supports an ability to live and work in Ryedale.

Objective 8.

Support new and existing businesses with the provision of a range of employment sites and premises, including higher quality purpose built sites, principally at the market towns.

Ryedale Plan Local Plan Strategy - Section 5 The Economy

- 5.1 A strong and healthy economy is integral to the quality of life, prosperity and sense of personal security of residents of the District.
- 5.2 A large part of Ryedale's economy is inextricably linked to its geography. As a predominantly rural area, agriculture is a traditional sector of the economy across the District. Tourism has a strong presence particularly in northern Ryedale where it is centred on specific visitor attractions, the picturesque settlements of Helmsley, Pickering and Thornton-le-Dale and attractive landscapes, including the North York Moors National Park. Throughout history the District's Market Towns have been hubs of economic activity. They are the main centres of manufacturing, retailing and service and leisure based economic activity. The City of York exerts influence in the southern and western parts of Ryedale in terms of commuting patterns and retail expenditure.
- 5.3 Ryedale's economy appears strong; enjoying relatively high levels of business start-ups and low levels of unemployment. Underlying these headline figures however, the District's economic base remains dependent on traditional sectors or a small number of large businesses which are vulnerable to wider national and international changes. To help to increase local wage levels, retain and attract young people, reduce out commuting and ensure a more skilled workforce in the longer term, it will be essential to diversify the District's economy to reduce dependence on vulnerable sectors and to foster a wider choice of employment opportunities. Lifting wage levels locally will also assist in addressing some of the significant housing needs of young and working people through the open market.

Paras 5.34 -36 go on to state;

- 5.34 Land-based economic activity is integral to the District's economy, cultural heritage and identity. Farming, forestry and the equine industry, in particular horse racing, have all been longstanding and traditional components of economic activity. Many of these activities have helped to ensure that Ryedale's valued landscapes are carefully and sensitively managed. In Ryedale the role of local Estates has been a significant factor in influencing rural economic activity and management of the landscape.
- 5.35 However the land-based sector, and in particular agriculture, has undergone considerable restructuring over the post war period, and is set to continue to restructure as a consequence of both local and global changes. These changes are happening at a rapid rate, can be difficult to predict and are likely to exert a combination of positive and negative pressures on the District's rural economy. This Strategy is intended to support and be flexible to the needs of those who rely on the land-based economy. It also supports new opportunities that may arise from future changes. These range from alternative cropping to renewable energy schemes. It is essential that these new land uses and economic activity must be supported and encouraged where appropriate if Ryedale's countryside is to continue as the living and working countryside that is intrinsic to Ryedale's cultural identity.
- 5.36 Malton Livestock Market is the last remaining livestock market in Ryedale and is greatly valued by the local farming and wider community. It provides a local sustainable focus for the sale and purchase of livestock, reducing food miles and encouraging the trend towards local food production. The Council

considers that the current livestock market is an important use that should be retained in Ryedale. Following the grant of outline planning consent for redevelopment of the current livestock market site, it is very likely that the livestock market will vacate its current location. It is important that any new site for a livestock market reflects the balance of maintaining links to a Market Town in Ryedale but also ensures that it is acceptable taking into account other matters such as highways, amenity, visual impact, character and setting.

Policy SP6 of the Local Plan Strategy makes the focus for employment allocations at Malton and Norton on sites within and adjacent to the built up areas of the towns,

Policy SP9 The Land Based and Rural Economy goes on to state that the land based economy will be sustained and diversified with support fornew buildings that are necessary to support land based activity and in a working countryside, including farming. A copy of Policy SP9 is attached together with the explanatory text at Annex 2

And indirectly by supporting.... The retention of a livestock market within Ryedale on a site which is convenient to users, well related to the road network and in allocation which is close to a market town but will not harm its character, landscape setting or the amenities of nearby residents.

5.3 Ryedale Economic Action Plan 2016-20

The Plan was first developed in conjunction with the Local Enterprise Partnership (LEP). Local Growth funding has been achieved at Eden Camp for an agri-business park and there has been a Food Enterprise Zone (FEZ) designated.

The current Plan focuses on “Doing what Matters for Ryedale”-dealing with concepts and priorities that have a particular resonance for Ryedale. Delivery of the FEZ is one of the identified priority projects for between now and 2020.

5.4 Financial Strategy – use of assets for income generation

The Council’s Financial Strategy notes that:

“The Council’s policy is to maintain its contingencies, balances and reserves at levels that are prudent but not excessive. With the outlook for 2017/18 and beyond being very tough, and the scale and risk of achieving cost reduction being high, any reserves identified as being surplus should be prioritised to invest-to-save schemes and, if required, to smooth the curve of cost reduction in the light of timescales needed to drive costs out.”

The Council’s Commercialisation and Income Generation Policy notes that:

“Developing business opportunities for the Council and optimising income” is a Council priority and that to maximise business opportunities and income generation, the Council’s action will include:

- Supporting investment opportunities including in major projects to deliver a return on investment to support the revenue budget
- Developing new opportunities for chargeable services, which are competitive within the local market

- 5.5 Regular briefings held with Resources Working Party and Group Leaders, a number of meetings with all interested parties

REPORT

6.0 REPORT DETAILS

- 6.1 In addition to the policy context set out above Members will be aware that planning permission was granted in March 2015 for a new livestock market and associated commercial development on an extensive site at Land off Edenhouse Rd, Old Malton under planning permission reference 14/00426/MOUTE. This was an outline planning permission and to date no reserved matters have been submitted in respect of the livestock market element of the proposal. The permission however has an extended period for the submission of reserved matters and remains extant. A copy of the decision notice and the submitted illustrative layout plan is at Annex 3 to this report showing the various parcels of land covered by the outline permission. The livestock market is shown on the western parcel of land annotated as 'Western Site' on the plan which remains the location of the proposed livestock market and associated facilities.
- 6.2 The above mentioned planning permission was the subject of 'linked' developments elsewhere in the town and is the subject of a s106 agreement which derived a significant developer contribution toward the relocation of the livestock market and associated infrastructure at Eden Camp. A sum of £500k remains available towards the provision of the livestock market and this is referred to in the costings set in more detail in the report below.
- 6.3 The FEZ Local Development Order (LDO) was adopted in February 2016. The effect of the order is to grant detailed planning permission to particular classes of development which are specified in the order. Subject to meeting the requirements of the LDO and the accompanying design code this means that there are greater freedoms for business on the site. Nevertheless despite initial infrastructure being carried out on site, including significant roadworks and a new roundabout together with a surface water attenuation lagoon, development on site and take up of the FEZ Local Development Order has been slow.
- 6.4 The cost of a new livestock market is estimated to be in the region of £3m. A number of previous studies have been undertaken to scope the design and cost of a livestock market. These are however now aged and it is proposed that a costing exercise be undertaken if Members were to support the principle of investing in a livestock market. Further the two options detailed below serve to illustrate that investment in a basic livestock market will not deliver an acceptable level of return on the investment required for the Council. There are therefore two options outlined below, one for a new livestock market and the other for a livestock market with ancillary facilities which deliver an improved return on investment.
- 6.5 Option 1 – Livestock Market

This option would require investment of an estimated £2.2m from the Council. The Council would be given the land and would own the livestock market on behalf of the community. The livestock market would pay £20k in rent initially with the potential for this to increase, depending on the success of the market. The land is estimated to have a value of £0.75m. The operators of the livestock market would be the auctioneers.

Estimated build cost	£3m
Section 106 contribution	£0.5m
Auctioneers Pledged capital Contribution	£0.3m
RDC Funding requirement	£2.2m
Rental from LSM Operator – the auctioneers’	£20k pa
Rate of return on investment of less than 1%	

6.6 Option 2 – Livestock Market Plus Ancillary Facilities

This option would require an investment by the Council estimated to be £3.2m. The Council would be given the land and would own the livestock market facility and the ancillary facilities on behalf of the community. The ancillary facilities would include an office block to include businesses and education providers to compliment the operation of the livestock market. The rental from the operator of the livestock market, the auctioneers would initially pay £20k per annum. The rental to be achieved from the ancillary facilities would be an estimated £80k per annum

Estimated build cost	£3m
Ancillary buildings	£1m
Section 106 contribution	£0.5m
Auctioneers Pledged capital Contribution	£0.3m
RDC Funding requirement	£3.2m
Rental from LSM Operator – the auctioneers’	£20k pa
Rental from ancillary buildings	£80k pa
Rate of return on investment of at least 3%	

Other livestock markets which have been developed recently, such as those at Thirsk and Skipton, sustain their livestock sales with other events and activities. This would have to be the case at a new livestock market facility in Malton. This does however require a higher specification of building than was perhaps originally envisaged for the relocated livestock market.

6.7 Option 3 – Do Nothing

This option would involve no input from the Council whatsoever. There is however a serious risk that in this scenario that the Malton Livestock Market will be unable to continue to operate from its current site in the centre of Malton and no other alternative site has been identified. The loss of the livestock market from Ryedale would have serious economic impacts and have a significant adverse effect on the District’s cultural heritage and identity.

Preferred Option

The preferred option is Option 2. The reasons are that the Livestock Market Plus Ancillary Facilities option enables a reasonable rate of return on investment for the Council. The basic livestock market option does not have the same potential to deliver a return on investment and is not recommended by officers. The ancillary facilities at a cost of £1m are likely to deliver a return on investment at a rate of 8%, compensating for the return on investment of less than 1% for the investment of £3m required for a new livestock market.

If Members are minded to support the principle of investing in the development of a new livestock market facility on the site, a detailed specification and costing exercise would be undertaken to confirm the estimated costs of the preferred scheme.

- 6.8 Discussions have taken place with the Council's s151 officer and a return on investment of 3% is considered a reasonable return to be achieved for the investment required in the current financial investment climate. The facility would be included in the Council's Asset Register and managed as part of the Council's property portfolio.
- 6.9 If Members are minded to support the principle of investing in the development of a new livestock market for Ryedale, a business case would be prepared by the auctioneers who would be the operators of the market facility.
- 6.10 It is a future option to consider a share option for the livestock market once the facility is operating successfully.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

The Council's earmarked reserves are £12.8m as at 31 March 2018. Over the last year these have increased from £8.7m, largely as a result of the in-year revenue underspend (£2.1m) and New Homes Bonus (£1.3m). Although a review of reserves and commitments will take place in the coming months, it is expected that funding the livestock market proposal entirely from reserves is possible, subject to a review of those commitments and an expectation that the revenue budget will continue to underspend in 2018-19, as it has done in the previous two years.

The current return on our cash investments is low – 0.46% in 2017-18 and 0.76% to date in 2018-19. By investing in a new livestock market, the potential return on this investment is higher, perhaps in the region of 3%-4%, as set out in section 6 above.

The main issue is the level of financial risk that the Council is willing to take in terms of achieving the income generation and this, alongside the impact on reserves, can be set out in more detail in the proposed business case.

b) Legal

The Council would own the new livestock market, including the site and all assets.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

All other implications have been accounted for in the report.

8.0 NEXT STEPS

- 8.1 Development of a detailed specification for the new livestock market and office facilities
- 8.2 Based on this specification, a costing exercise and plan be developed with a view to a procurement process
- 8.3 A further report to Council via Policy and Resources Committee to confirm support.

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Background Papers:

[Council Plan](#)

[Ryedale Plan – Local Plan Strategy](#)

[Economic Action Plan](#)

[Financial Strategy](#)

[Food Enterprise Zone Local Development Order](#)

[Planning Application reference 14/00426/MOUTE](#)

[Livestock Markets in the 21st Century](#)