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**PART A: MATTERS DEALT WITH UNDER DELEGATED POWERS**

**REPORT TO: POLICY AND RESOURCES COMMITTEE**

**DATE: 06 JUNE 2019**

**REPORT OF THE: PROGRAMME DIRECTOR FOR ECONOMIC DEVELOPMENT, BUSINESS & PARTNERSHIPS  
PHILLIP SPURR**

**TITLE OF REPORT: MALTON LIVESTOCK MARKET – UPDATE**

**WARDS AFFECTED: ALL**

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to inform Members of the feasibility work undertaken to date on proposals for the future of the Malton Livestock Market, and to highlight the need for further work to be completed to determine the preferred way forward.

### **2.0 RECOMMENDATION(S)**

2.1 It is recommended that Members:

(i) note the feasibility work completed to this point

(ii) agree for additional work to be undertaken (as set out at s.7.3), advise Officers upon any further assessments that may be required, and agree that a further report to be brought back to Policy & Resources Committee for consideration as soon as possible

### **3.0 REASON FOR RECOMMENDATION(S)**

3.1 The Malton Livestock Market is the last surviving livestock market in Ryedale and for many decades has been central to the district's economy, cultural heritage and identity. It is clear, however, that the existing facility is increasingly not fit for purpose and that a decision needs to be taken upon the market's long term future.

3.2 At its meeting in July 2018 Planning & Resources Committee resolved (Minute 21):

That the Council approves 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.

That £150,000 to be made available to support the development of a business case, specification and procurement exercise for the preferred Option

- 3.3 Subsequent to this, it was agreed at P&R Committee in November 2018 (Minute 49) to recommend to Full Council that £50,000 be made available to commission a two stage independent options appraisal identifying a preferred option for the relocation of the livestock market. This recommendation was agreed by Full Council in December 2018 (Minute 50), with agreement that the options appraisal should consider a food hub, including abattoir.
- 3.4 Align Property Partners were commissioned to undertake this options work, completing two reports – a Phase 1 Options Appraisal (completed March 2019) and a Phase 2 Business Case (completed April 2019) which recommended that the Council supports a relocation of the livestock market to Eden Camp Business Park.
- 3.5 This report summarises the key findings of the Align work, seeks views from Members upon the project and recommends that additional work is undertaken, with a further report brought back to this Committee at the earliest possible opportunity.

#### **4.0 SIGNIFICANT RISKS**

- 4.1 The Malton Livestock Market is greatly valued by the local farming and wider community. Its presence in Ryedale provides a focus for the sale and purchase of livestock, helping to reduce food miles and encouraging the trend towards local food production. It is a key element in Ryedale's land economy and it provides a social focus for the farming community and wider Ryedale population.
- 4.2 As set out in detail in the Policy & Resources Committee report of July 2018 a functioning and successful livestock market aligns with the Council Priority to promote Sustainable Growth, Local Plan strategy objectives around jobs, businesses and the land-based economy, and the Ryedale Economic Action Plan objective of developing Eden Camp Business Park as a centre for agri-business.
- 4.3 If no sustainable forward strategy is identified for the livestock market shortly there is a possibility that the current short-term lease arrangements will be terminated and the market closes with all of the associated economic, social and reputational risks that this could bring to Malton, Ryedale and the Council.
- 4.4 The proposed way forward identified in the Align reports of a relocation of the livestock market identifies the need for significant financial investment from the Council and a key role for RDC in future governance arrangements.
- 4.5 Given the scale of any potential Council investment in building and managing the asset going forward financial due diligence is critical to inform any future decision. Further due diligence work is required on this issue, together with additional work on potential governance arrangements.

#### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The policy context is as briefly outlined above.
- 5.2 Significant consultation has already been undertaken upon this issue – both with the Policy & Resources Committee (July 2018) and by Align Property Partners in the production of their two reports (see s.5 of the Phase 1 Options Appraisal report for consultation details).

### **REPORT**

#### **6.0 REPORT DETAILS**

##### **6.1 Background**

- 6.2 In July 2018 a report was presented to Policy & Resources Committee on the future of

the livestock market, with the report noting that planning permission was granted in March 2015 for a new livestock market and associated commercial development at land off Edenhouse Lane, Old Malton (ie. Eden Camp Business Park).

6.3 The Policy & Resources Committee report considered three options for the future of the livestock market – a ‘Do Nothing’ Option and two redevelopment options at Eden Camp Business Park - Option 1, a livestock market-only development requiring an estimated capital contribution from the council of £2.2m; and Option 2, a livestock market and ancillary development at Eden Camp BP requiring an estimated Council contribution of £3.2m.

6.4 Policy & Resources Committee resolved in July 2018 (Minute 21) to support the livestock market and ancillary development option (Option 2) agreeing:

That the Council approves 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.

That £150,000 to be made available to support the development of a business case, specification and procurement exercise for the preferred Option

6.5 Subsequent to this it was agreed at P&R Committee in November 2018 (Minute 49) and Full Council in December 2018 (Minute 50) that £50,000 be made available to commission a two stage independent options appraisal identifying a preferred option for the relocation of the livestock market.

6.6 Align Property Partners were commissioned to complete two reports:

- Phase 1 – Options Appraisal Report (completed March 2019)
- Phase 2- Business Case Report (completed April 2019)

### **6.7 Phase 1 Options Appraisal Report**

6.8 The Phase 1 report highlighted the importance of the livestock market to Ryedale as central to the district’s land based economy and cultural identity.

6.9 The report made it clear (s.3.7) that while the current market is performing well, it may no longer be fit for purpose and so to maintain its position for the next fifteen years a new site/enhanced facility is required.

6.10 The original scope of the report was to consider a range of options, including a food hub and abattoir. Ultimately, four options were considered in detail – ‘Do Nothing’; ‘Negotiate to stay in existing location and premises’; ‘Relocate to Eden Camp Business Park’; and, ‘Relocate Market to another Location’ - concluding (s.7.3) that relocation to Eden Camp BP was by far the strongest option.

6.11 To maximise financial viability the report recommended a livestock market and ancillary development, with total scheme costs ranging from £3.96m to £5.90m, dependent upon the development chosen. A funding deficit (stated to be funded by the Council) was identified ranging from £2.66m - £4.60m.

6.12 The report highlighted that the direct financial returns from the scheme were modest (2.65%-3.70% per annum [s.8.7] dependent upon the preferred option), but highlighted the importance of the relocation beyond a simple commercial development.

6.13 The report recommended a shared partnership governance model, with income divided between the Council, farmers and auctioneers based upon contributions made to the capital cost of the scheme.

#### **6.14 Phase 2 Business Case Report**

6.15 The Phase 2 Report reflected the findings of Phase 1 presenting more detailed information on the scheme's strategic case and vision, the wider livestock market market, size and scope of the proposed development, capital cost, governance, finance, and other issues. This confirmed that a minimum investment of around £2.7m would be required (assuming that other contributions of £1.3m were available) and this equates to around 50% of the Council's capital reserve or nearly 20% of the Council's total non-earmarked reserves. The rate of return quoted is around 3-4%.

### **7.0 NEXT STEPS**

7.1 The work undertaken by Align is clear that the preferred way forward is for a relocated livestock market with ancillary development at Eden Camp Business Park. A significant funding shortfall has been identified for each development proposal, with the Council identified as meeting this funding gap. A clear independent business case would also need to ascertain the certainty of other funding available for the project and the consequent risks if this was not available.

7.2 It is clear that any scheme will generate only a modest direct financial return, but it is also apparent that the scheme could bring a range of social, environmental, economic, cultural and catalytic benefits.

7.3 In order to move forward it is recommend that Officers continue to undertake further due diligence on the project, reviewing a range of issues including project funding and governance. As part of this work further engagement will be required with key project stakeholders. Any further issues identified by Members will also be reviewed. At the conclusion of this additional work a further report will be brought back to Policy & Resources Committee at the earliest possible opportunity for a decision to be made on the way forward.

### **8.0 IMPLICATIONS**

8.1 Financial and legal issues are referenced throughout this report and will be subject to further due diligence work, as will climate, environmental, equalities and other matters.

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#### **Background Papers:**

Align property Partners - Phase 1 Options Appraisal Report (March 2019)

Align Property Partners – Phase 2 Business Case Report (April 2019)

Both reports have been circulated separately to Members