

Report of :	The Director of City Development
Report to:	Executive Board
Date: :	17 September 2014
Subject::	Temporary financial assistance measures, Kirkgate Market
Capital Scheme Number:	16811

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	City & Hunslet	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. This report seeks approval from Executive Board for a package of support to traders during the period of construction works to refurbish and improve Kirkgate Market. The support will assist traders in continuing to trade viably during this period of disruption and thus be able to take advantage of the significantly enhanced opportunities to trade once all projects are completed.
2. The Council is committed to substantial improvements in the retail offer of Leeds City Centre. In bringing forward substantial investments in its retail core such as Trinity Leeds shopping centre, Victoria Gate which includes the biggest John Lewis store to be built outside London, and investing in the development of a vibrant independent retail offer through schemes such as Kirkgate Townscape Heritage Initiative, restoration of the First White Cloth Hall, and £12.3m refurbishment of Kirkgate market, the Council will support the city to achieve a step change in its quality and attractiveness as a retail destination.

3. The proposed improvement and refurbishment of Kirkgate Market is consistent with the Best Council Plan 2013 – 17 in terms of promoting sustainable and inclusive economic growth by maximising employment opportunities for local residents. Kirkgate Market is in a prime retail location in the heart of the city centre. It is a Grade 1 Listed building and is the oldest and largest retail destination in Leeds, having a significant impact on the economy of the city.
4. It is essential to improve Kirkgate Market to make it more attractive to today's customers and traders, securing its growth for the future by investing to address its maintenance and capital investment requirements to meet customer expectations and expand its customer base, by attracting some of the estimated 10 million customers per annum that will visit the adjacent Victoria Gate development when it opens in 2016. When complete, the improvements to Kirkgate Market, combined with the opening of the adjacent Victoria Gate development will transform the retail offer of the City.
5. The estimated cost of the Kirkgate Market refurbishment scheme, which will take place between January 2015 and Autumn 2016 is £12.3m, which reflects the commitment of the Council to a viable future for Kirkgate Market. A further scheme to develop the George Street frontage of Kirkgate market is currently out to tender.
6. The Council are seeking to ensure that as much of Kirkgate Market as possible remains open and trading viably throughout the period of the construction works, and this aim is reflected in the design proposals and the proposed phasing of the works. However, traders have been advised that there will inevitably be varying levels of disruption to all businesses as a result of progressing major refurbishment works in a live retail environment.
7. In recognition of the trading conditions of the construction work at Kirkgate Market compensation to tenants in the form of a temporary rent reduction is proposed. This report seeks approval from Executive Board for a 20% reduction in base rent for all traders who have an Agreement to occupy premises in Kirkgate indoor market as at 1 October 2014. The proposal would be for the period 1 October 2014 to 30 September 2015, and would be reviewed at that time. The cost to the Council would be £395,800.
8. Approval from Executive Board is also sought to upgrade vacant units on Butchers Row and selected other locations in the indoor market to accommodate temporarily Fish and Game Row traders during the period when most of the construction work will be undertaken on the existing Fish and Game Row.
9. Through recent detailed survey work it has become clear that works to drainage, electrical supplies and fire safety equipment will make it impossible for Fish and Game Row traders to continue in situ throughout the period of the construction work. Traders have been offered temporary alternative accommodation in vacant units alongside other fresh food traders on the existing Butchers Row. Once most of construction work to the existing Fish and Game Row is completed, the traders will all be able to move back to their permanent locations in the newly completed fresh produce area. The units that will accommodate the traders during the period of relocation will require refurbishment and upgrade to a standard suitable for the sale of fresh food. The estimated cost of this is £100,000.

Recommendations

10. Executive Board is requested to:-

- (i) Approve the injection of, and give authority to spend, £395,800 in respect of the financial assistance at Kirkgate Market;
- (ii) Approve the injection of, and give authority to spend, £100,000 in respect of the upgrade of stalls to aid the temporary relocation of the Fish and Game row tenants;
- (iii) Note that as Kirkgate Market is a Grade 1 listed building the proposed works to the existing Butchers Row to facilitate the temporary decant have been discussed with the Local Planning Authority and English Heritage who are supportive of the proposals; and
- (iv) Note that the Chief Economic Development Officer will be responsible for the implementation of the decision.

1 Purpose of this report

1.1 This report seeks approval from Executive Board for a package of support to traders during the period of construction works to refurbish and improve Kirkgate Market. The support will assist traders in continuing to trade viably during this period of disruption and thus be able to take advantage of the significantly enhanced opportunities to trade once all projects are completed. This will protect the vitality and viability of this historic and iconic market and the Council's own investment of £12.3m in its refurbishment.

2 Background information

2.1 Kirkgate Market is in a prime location in the heart of Leeds City Centre. It is a Grade 1 Listed building with five interconnected halls and an open daily market at the rear of the building. Kirkgate Market is an important landmark in the city, not just in terms of the building but also in its importance to the people of Leeds and its international importance as the birthplace of Marks and Spencer. It is one of the most important heritage buildings in Leeds. It is an important part of the retail offer in the city and, is significant to the Leeds economy. It is the location for 235 permanent businesses in the indoor market, with around 150 more trading on its Open Market. However, Kirkgate Market faces the same challenges as other traditional markets across the country, with price competition from large retailers, rising customer expectations, changing shopping habits, and a changing customer base.

2.2 Kirkgate Market also has distinct advantages upon which to build. It has a prime city centre location with a large catchment. It is an iconic historic listed building. It provides an excellent fresh food offer in fruit and vegetables, butchery, fish and game and, a popular and commercially successful daily outdoor market with a loyal customer base. There is now an opportunity to improve Kirkgate Market. Action needs to be taken to address current problems with the condition of the building and to secure its future commercial success. There is a unique opportunity to increase customer numbers and spending in Kirkgate Market by attracting some of the estimated 10 million customers per annum that will visit the adjacent Victoria Gate development when it opens in 2016.

- 2.3 In July 2011, Executive Board approved the vision and objectives for the Kirkgate Market scheme and, in February 2012, the Executive Board approved recommendations to undertake a feasibility study to redevelop and refurbish the Market. Norfolk Property Services (NPS) undertook the feasibility study which identified the nature of the improvements and the development proposals that could be progressed to fulfil the Council's vision for Kirkgate Market.
- 2.4 Executive Board at its meeting in March 2013, approved a report recommending the outline strategy for the proposed refurbishment of Kirkgate Market and the approach to be pursued for the redevelopment of the George Street frontage.
- 2.5 In April 2014, Executive Board approved a Design and Cost Report giving approval for funding which has allowed the scheme to be progressed to RIBA Stage E and a full detailed planning application and application for listed building consent to be prepared and submitted. The planning application and application for listed building consent was submitted to the Local Planning Authority at the end of July 2014.
- 2.6 The main components of the scheme are as follows:
- A general programme of essential maintenance and renewal which includes roof repairs, upgrade to sprinkler system, drainage works and repairs to air extraction and ventilation systems;
 - A new ventilation system incorporating heat recovery will be introduced into the new fresh food area located above the existing fish and game row area and main drain runs dating from the 19th century will be repaired and replaced;
 - Replacement of the roof covering to the 1976 and 1981 Halls; the work will involve stripping off the existing roof covering and overlaying and replacing with modern roofing material;
 - The creation of distinct retail zones to attract shoppers to all areas of Kirkgate Market, including combining the existing fish, game and butchery in one location to create a new fresh food area;
 - The introduction of a new covered daily market and the creation of a new flexible events space capable of hosting a variety of events and activities in the 1976 Hall;
 - Improving the layout by improving sightlines for customers and defining a new pedestrian route linking the George Street and New York Street entrances;
 - Improved signage to help customers find their way around the Market; and
 - Improvements to the appearance and operation of the Outdoor Market and where feasible making it more attractive and accessible from the adjacent Victoria Gate development.
- 2.7 Executive Board also approved the principle of the development of the 'Kirkgate Village' concept. This will be a separate capital scheme to be brought forward in partnership with a private sector developer. The scheme will incorporate the redeveloped George Street retail units (1930s block) to provide a range of attractive through units, secured from the wider indoor market to allow out of normal trading hours access. These new units will be linked to what is currently Butchers Row to

provide a secure, accessible trading area for a variety of food, leisure and specialist retailers. A developer procurement exercise is currently underway for this element of the scheme.

- 2.8 The Council are seeking to ensure that as much as the Market as possible remains open and trading viably throughout the period of the construction works, and this aim is reflected in the design proposals and the proposed phasing of the works. However, traders have been advised that there will inevitably be varying levels of disruption to all businesses as a result of progressing major refurbishment works in a live retail environment.

3 Main issues

3.1 Proposed Rent Reduction

- 3.1.1 In recognition of the trading conditions of the construction work at Kirkgate Market it is proposed to provide compensation to traders through a temporary rent reduction. This report seeks approval from Executive Board for a 20% reduction in base rent for all traders who have an Agreement to occupy premises in Kirkgate indoor market as at 1 October 2014. The proposal would be for the period 1 October 2014 to 30 September 2015, and would be reviewed at that time. The cost to the Council would be £395,800.

- 3.1.2 Retaining quality tenants during and after the development will be integral to the success of the Council's £12.3m investment in the market. Tenants are reliant on the number of shoppers and visitors to the market to make a living, and any impact on the flow of customers poses a risk to the viability of their business. A 20% reduction in base rent for 12 months, commencing 1 October 2014 will help offset the impact to trade during the first, most disruptive phase of the Kirkgate Market refurbishment project.

3.2 Temporary Relocation of Fish and Game Row traders during essential works

- 3.2.1 Approval from Executive Board is also sought to upgrade vacant units on Butchers Row and selected other locations in the indoor market to accommodate temporarily Fish and Game Row traders during the period when most of the construction work will be undertaken on the existing Fish and Game Row.
- 3.2.2 Recent detailed survey work has identified the scope and nature of upgrades to the Market. In particular it has become clear that works to drainage, electrical supplies and fire safety equipment will make it impossible for Fish and Game Row traders to continue in situ throughout the period of the construction work. Traders have been offered temporary alternative accommodation in vacant units alongside other fresh food traders on the existing Butchers Row. Once most of construction work to the existing Fish and Game Row is completed, the traders will all be able to move back to their permanent locations in the newly completed fresh produce area.
- 3.2.3 The exact period and timing of the relocation will depend on the proposals agreed with the successful building contractor through the tender process that is underway currently. It is envisaged that the duration of the relocation will be in the region of three to four months, and the timing will be in early 2015.
- 3.2.4 The units that will accommodate the traders during the period of relocation will require refurbishment and upgrade to a standard suitable for the sale of fresh food. The estimated cost of the temporary relocation is £100,000. This funding will include a small sum for the hire or purchase of refrigeration equipment for the duration of

the decant as it would be highly impractical to attempt to move traders' existing built in equipment and storage from Fish and Game Row for this period.

- 3.2.5 A significant element of the upgrade will not be abortive as, after the traders move to their permanent location, those stalls on the south side of the existing Butchers Row will not be demolished; they will become part of the 'Kirkgate Village' concept and these stalls will be retained for future tenants of this area.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Executive Member for Transport and the Economy, Development Lead Members and the Kirkgate Market Project Board has been consulted and are supportive of the recommendations contained in the report.

- 4.1.2 Presentations on the proposals for Fish and Game Row and the temporary decant have been made to affected traders and open dialogue helped further thinking with regard to operational practicalities. Individual discussions are currently underway to establish the needs of individual businesses affected by the temporary relocation so that should approval be forthcoming, works can begin promptly.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 A full Equality Impact Assessment (EIA) has been completed for the overall refurbishment project and this was submitted with the detailed planning application on 30 July 2014. The EIA is attached as an appendix.

- 4.2.2 The document details the engagement undertaken to date with a wide range of stakeholders and organisations with an interest in the future of Kirkgate Market.

- 4.2.3 Benefits highlighted in the document include proposed improvements to floor coverings which will have a positive benefit for customers and users of the market with mobility impairments and users who are visually impaired. The provision of a level, inclusive event space well related to the covered daily market will help foster good community relations by encouraging different communities to come together and participate in events.

- 4.2.4 Support for a 12 month reduction in rent will ensure that Kirkgate market continues to address inequalities with support for small independent businesses and their employees, retaining spend within the city and offering a range of products and services at affordable prices.

- 4.2.5 Support for the temporary relocation of Fish and Game Row tenants will ensure that these businesses can continue in the market, addressing inequalities by offering affordable excellent quality to shoppers and supporting the business owners and their employees.

4.3 Council Policies and City Priorities

- 4.3.1 The refurbishment proposals for Kirkgate Market will help deliver the Best Council Plan 2013 – 17 objective 'promoting sustainable and inclusive economic growth'. The proposed works are crucial to supporting the Council's vision for Kirkgate Market which is to be the best market in the UK:

- Highly successful, profitable and sustainable;

- A Centre of excellence for independent retailers and entrepreneurs; and
- A top destination for residents and tourists.

4.3.2 Securing the future of Kirkgate Market is a key element of being the Best City.

4.3.3 Best City... for business - making sure jobs are created and that local people can access these jobs, making sure new developments create skills and opportunities through apprenticeships. Supporting Leeds to be an attractive place to visit and invest in, with cultural attractions for local people and visitors nationally and internationally.

4.3.4 Best City... for communities - encourages community spirit and local activity, but recognises that it will take high-quality public services.

4.4 Resources and value for money

4.4.1 The table below sets out the funding required in addition to the capital scheme approved currently:

Table 1

Rent reduction 2014/15	£202,000 capital
Rent reduction 2015/16	£193,800 capital
Stall upgrade 2014/15	£100,000 capital

4.4.2 Capital Funding and Cash Flow.

The table sets out the details of the current approved funding, together with the additional sums requested.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 £000's
LAND (1)	0.0						
CONSTRUCTION (3)	10800.0		1749.0	6315.5	2493.9	241.6	
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	1830.0	549.1	877.0	266.0	110.9	27.0	
TOTALS	12630.0	549.1	2626.0	6581.5	2604.8	268.6	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 £000's
LAND (1)	0.0						
CONSTRUCTION (3)	100.0		100.0				
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	395.8		202.0	193.8			
TOTALS	495.8	0.0	302.0	193.8	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 £000's
LCC Supported Borrowing	12630.0	549.1	2626.0	6581.5	2604.8	268.6	
Departmental USB	495.8		302.0	193.8			
Total Funding	13125.8	549.1	2928.0	6775.3	2604.8	268.6	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number : 16811

Title : Kirkgate Market Strategy

4.5 Legal Implications, Access to Information and Call In

With regard to the temporary relocation of tenants from Fish and Game Row, Leeds City Council has a right to undertake works as proposed under the repairing and maintenance clauses within the leases. There is potential for this clause to clash with the Tenant's right to quiet enjoyment of the premises. Precedent case law in this area suggests that provided the Council takes reasonable precautions to limit the interference with the Tenants' quiet enjoyment of the premises the Tenants will have no claim for damages.

4.6 Risk Management

4.6.1 A risk register has been prepared for the Kirkgate Market project and will continually be reviewed during the lifetime of the project and the key risks will be reviewed at meetings of the Kirkgate Market Project Board.

4.6.2 There is a risk that a budget compliant scope of works may not be maintained if it is not possible to relocate tenants away from Fish and Game Row temporarily to allow the contractor to take possession of the area and enable the works to be completed in a cost effective and efficient manner.

- 4.6.3 If funding to support the temporary decant is not approved, and tenants were to remain on Fish and Game Row, there is a risk that due to Environmental Health, Health & Safety restrictions and the works around them customers would be put off purchasing fresh food in such an environment and business would decline catastrophically to the point where they may leave the market. This would put the viability of the Council's investment in this area in jeopardy. Temporarily co-locating fishmarket traders with butchers on the existing Butchers Row, away from the main area of construction, will support both trades and customers will become more familiar with the concept of co-location prior to the move to a newly completed fresh produce area combining fish, meat and greengrocery, thus supporting the traders in their permanent location.
- 4.6.4 There is a risk that due to the cost of temporary relocation, businesses may find it difficult to meet the cost from within their existing business plan and thus choose not to remain trading in the market. The proposal to meet the cost of the upgrade required to accommodate the temporary relocation will mitigate this risk.

5 Recommendations

5.1 Executive Board is requested to:-

- (i) Approve the injection of, and give authority to spend, £395,800 in respect of the financial assistance at Kirkgate Market;
- (ii) Approve the injection of, and give authority to spend, £100,000 in respect of the upgrade of stalls to aid the temporary relocation of the Fish and Game row tenants;
- (iii) Note that as Kirkgate Market is a Grade 1 listed building the proposed works to the existing Butchers Row to facilitate the temporary decant have been discussed with the Local Planning Authority and English Heritage who are supportive of the proposals; and
- (iv) Note that the Chief Economic Development Officer will be responsible for the implementation of the decision.

6 Background documents¹

6.1 None

7 Appendices

7.1 Equality Impact Assessment

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.