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Report of : The Markets Manager
Report to: The Director of City Development
Date : 18 December 2014
Subject:: Temporary financial assistance measures, Kirkgate Open Market Traders

Are specific electoral Wards affected? Yes No

If relevant, name(s) of Ward(s): City & Hunslet

Are there implications for equality and diversity and cohesion and integration? Yes No

Is the decision eligible for Call-In? Yes No

Does the report contain confidential or exempt information? Yes No

If relevant, Access to Information Procedure Rule number:

Summary of main issues

1. 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 status as a retail destination which will mark it as a centre of national importance.
2. 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. The estimated project cost of the Kirkgate Market refurbishment scheme, which will take place in early 2015 and Autumn 2016 is £12.3m, which reflects the commitment of the Council to a viable future for the Market. A further scheme to develop the George Street frontage of the market is currently out to tender and this scheme is anticipated to begin in 2016 and finish in 2017.

3. The Council aims for the market to continue to trade throughout the period of the works, though it should be noted and it has been advised to the traders that there will inevitably be varying levels of disruption to all businesses as a result of undertaking a major programme of refurbishment works in a live retail environment.
4. The proposals will result in a period of disruption to the open market during the period of construction. The main period of this disruption is expected to be throughout 2015.
5. Open Market traders presented a petition to the Executive Member for Development and the Economy asking for a 20% rent reduction on 22 September 2014.
6. In recognition of the impact to trade faced by Kirkgate Open Market traders over the period to the completion of the Council's refurbishment of the historic Kirkgate indoor market, this report seeks authority for financial measures to assist Kirkgate open market businesses over the next 12 months whilst works to both sites are completed. The value of this assistance is of £120,000 in respect of a 20% reduction in base rent for all open market traders who have a regular licence to occupy premises in Kirkgate outdoor market as at 1 January 2015. The scheme is proposed to run for one year until 31 December 2015.
7. In September 2014, the Council's Executive Board approved financial assistance for Kirkgate Market indoor tenants which included £395,800 in respect of a 20% rent reduction in base rent for all traders who have an Agreement to occupy premises in Kirkgate indoor market as at 1 October 2014. The scheme to run for one year until September 2015.
8. The measures recommended in this report ensure that a consistent approach to assistance for both indoor and outdoor tenants is implemented, as both are equally important elements of the offer at Kirkgate Market both now and in the future.
9. The financial impact of 3 months of the proposed rent reduction in 2014/15 is estimated at £30k and will be absorbed within the overall Economic Development budget with expenditure savings expected to offset this loss of income. The 2015/16 Initial Budget Proposals provide £850k for the anticipated loss in income from Kirkgate Market as a result of the redevelopment. The financial impact of 9 months of the proposed rent reduction in 2015/16, estimated at £90k, will be funded from this budget.

Recommendations

10. The Director of City Development is requested to:-
 - (i) Approve A 20% reduction in base rent for all open market traders who have a regular licence to occupy premises on Kirkgate Open Market as at 1 January 2015. The scheme will run for one year until 31 December 2015;
 - (ii) Approve an allocation of £120,000 in respect of the financial assistance to Kirkgate Open Market;
 - (iii) Note that the Chief Economic Development Officer will be responsible for the implementation of the decision.
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1 Purpose of this report

- 1.1** The purpose of the report is to seek approval from the Director of City Development for a proposal for financial assistance to Open market traders during the refurbishment of 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 in 2017, thereby protecting 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** In July 2011, Executive Board approved the vision and objectives for the Market 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 the Market.
- 2.2** Executive Board at its meeting in March 2013, approved a report recommending the outline strategy for the proposed refurbishment of the Market and the approach to be pursued for the redevelopment of the George Street frontage.
- 2.3** 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 listed building consent to be submitted at the end of July 2014.
- 2.3.1** Open Market traders presented a petition to the Executive Member for Development and the Economy asking for a 20% rent reduction on 22 September 2014.

3 Main issues

3.1 Proposed assistance to traders

- 3.1.1** In recognition of the impact to trade faced by Kirkgate open market traders over the period to the completion of the Council's refurbishment of the historic Kirkgate indoor market, this report seeks authority for financial measures to assist Kirkgate open market businesses over the next 12 months whilst works to both sites are completed, comprising £120,000 in respect of a 20% reduction in base rent for all open market traders who have a regular licence to occupy premises in Kirkgate indoor market as at 1 January 2015. The scheme is proposed to run for one year until 31 December 2015.
- 3.1.2** In September 2014, the Council's Executive Board approved financial assistance for Kirkgate Market indoor tenants which included £395,800 in respect of a 20% rent reduction in base rent for all traders who have an Agreement to occupy premises in

Kirkgate outdoor market as at 1 October 2014. The scheme to run for one year until September 2015.

- 3.1.3 Retaining quality traders during and post-development will be integral to the success of the Council's £12.3m investment in the market. Traders 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.
- 3.1.4 The measures recommended in this report ensure that a consistent approach to assistance for both indoor and outdoor tenants is implemented, as both are equally important elements of the offer at Kirkgate Market both now and in the future.
- 3.1.5 The financial impact of 3 months of the proposed rent reduction in 2014/15 is estimated at £30k and will be absorbed within the overall Economic Development budget with expenditure savings expected to offset this loss of income.
- 3.1.6 The 2015/16 Initial Budget Proposals provide £850k for the anticipated loss in income from Kirkgate Market as a result of the redevelopment. The financial impact of 9 months of the proposed rent reduction in 2015/16, estimated at £90k, will be funded from this budget.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Executive Member for Development and the Economy has been consulted and is supportive of the recommendations contained in the report.
- 4.1.2 Open Market traders presented a petition to the Executive Member for Development and the Economy asking for a 20% rent reduction on 22 September 2014. The Markets manager has had several meetings with representatives of Open Market traders on this matter to try to better quantify the impact of the Kirkgate market development on the Open Market specifically.
- 4.1.3 The newly formed Kirkgate Market Management Board, at its induction session in October 2014, heard from trader representatives on this matter.

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.
- 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 the Market.
- 4.2.3 With particular regard to the financial assistance requested, a reduction in rent for Open Market traders will help ensure that the market can continue to support a broad spectrum of users with a range of abilities and socio-economic profiles, ensuring that Kirkgate market remains a source of affordable fresh food and daily essentials and a social and community hub for Leeds.

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.

4.3 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;
- 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 To alleviate some of the impact of the redevelopment of Kirkgate Market on traders it is proposed that qualifying traders be given a 20% reduction in rent for the period 1 January 2015 to 31 December 2015. This initiative will assist the Authority in maintaining the occupancy levels and therefore income during a period of disruption.

4.4.2 The financial impact of 3 months of the proposed rent reduction in 2014/15 is estimated at £30k and will be absorbed within the overall Economic Development budget with expenditure savings expected to offset this loss of income.

4.4.3 The 2015/16 Initial Budget Proposals provide £850k for the anticipated loss in income from Kirkgate Market as a result of the redevelopment. The financial impact of 9 months of the proposed rent reduction in 2015/16, estimated at £90k, will be funded from this budget.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The decision requested is a Significant Operational Decision not eligible for call in.

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 if financial assistance is not provided to offset the impact on footfall resulting from the Council's own refurbishment of Kirkgate Market, Open Market traders may leave to trade on other more profitable markets thus reducing the viability and attractiveness of the overall market offer, reducing the Council's income which could jeopardise the implementation of the refurbishment, and reduce the availability of low cost, quality produce and goods for vulnerable people within the Leeds economy.

5 Recommendations

5.1 The Director of City Development is requested to:-

- (i) Approve A 20% reduction in base rent for all open market traders who have a regular licence to occupy premises on Kirkgate Open Market as at 1 January 2015. The scheme will run for one year until 31 December 2015;
- (ii) Approve an allocation of £120,000 in respect of the financial assistance to Kirkgate Open Market;
- (iii) Note that the Chief Economic Development Officer will be responsible for the implementation of the decision.

6 Background documents¹

6.1 None

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.