



LEEDS
CITY COUNCIL

**AGENDA
ITEM NO.:**

Originator:
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REPORT OF DIRECTOR OF DEVELOPMENT

MEETING: EXECUTIVE BOARD

DATE: 18 MAY 2005

SUBJECT: KIRKGATE MARKET – DEVELOPMENT STRATEGY

Electoral Wards Affected:

City & Hunslet

Specific Implications for:

Ethnic Minorities

Women

Disabled People

Executive Board Decision



Eligible for Call In



Not eligible for Call In
(details contained in the report)

EXECUTIVE SUMMARY

This report considers the previously approved strategic objectives for Kirkgate Market and the progress made in achieving those aims and then examines opportunities to protect the Market's viability as a major shopping destination and employment generator in Leeds for the future.

Some work has already been undertaken to establish options for a development strategy and, ahead of full consultation, Members of the Executive Board are recommended to approve and endorse:

- the objectives established in the visioning workshops and detailed in this report;
- the conclusion that the Council should retain ownership and control of Kirkgate Market;

and to approve:

- Member and public consultation;
- that Market traders are invited to a meeting/workshop to discuss options and to determine their views;
- that the Council's officers develop the principles of a partnership in order to deliver the ideas determined from the consultation process (aligned with the objectives detailed in this report) and
- that a report be brought back to this Board upon completion of the consultation and having identified whether there is any appetite in the private sector for a development partnership.

1.0 PURPOSE OF THE REPORT

- 1.1 To set out options for the future direction of Kirkgate Market to ensure it benefits from the retailing trends in the Eastgate/Harewood development.

2.0 BACKGROUND

- 2.1 The previous strategy for Kirkgate Market was published and approved by City Centre Committee in 1996. That report was commissioned by the then Director of Leeds Development Agency and examined a number of options for Kirkgate Market based on its position **as a viable retail offer under threat at that time**. The threats to its viability came from the increasingly aggressive nature of competitors and changes to customers' shopping patterns.

- 2.2 The approved strategy set the fundamental aim of Kirkgate Market:

"To be a vibrant retail attraction providing a leading role in generating a successful city centre valued by all of the people and at the heart of the City of Leeds".

- 2.3 Towards the end of 1996 specific Market Research tested some of the assumptions of the strategy with regard the Market's position and customers' needs. Briefly, the research concurred with the strategy and recommended the need for minimum consumer standards, cleanliness and quality as many potential shoppers felt Kirkgate Market was not meeting the needs of consumers. Full detail of this background is provided in appendix 1.
- 2.4 Given this evolving position over recent years, it was vital to reflect on where Kirkgate Market stands in providing a first class market facility and then determine the direction to take now in order to maintain its relevance as an important retail destination. Of equal significance is the need to strike a balance between the financial return on the Market asset and the Council's social objectives (see appendix 1).
- 2.5 The process of strategic review and option appraisal was carried out in a series of 'Market Visioning Workshops' – discussed in section three below.

3.0 STRATEGIC REVIEW AND LINKS TO CORPORATE PLAN

- 3.1 The main aims of the 'Market Visioning Workshops' were:

- To identify the critical issues in the future operation of the Market (appendix 2);
- To identify key objectives of the Market aligned with Corporate priorities and prioritise these key objectives (appendix 2);
- To determine 'high level' outputs to measure the success of the Market (appendix 3).

Success measures would include demand for stall units, new business starts, traders taking up training packages and remaining in business, level of trader's investment into the market and footfall across the market. Further success would be measured by redevelopment particularly in the poorest retailing environments and those sections of the Market fronting external developments.

A key conclusion from the workshops (see Appendix 2) was that maintaining the current size of the Market was considered appropriate, and indeed, essential from a critical mass perspective, if the Market was to remain viable.

- 3.2 Determined to be essential was the need to replace the trading Halls, erected post the 1975 fire and the George Street frontage immediately opposite the Union Street development site.
- 3.3 After the 1975 fire, in what became known as the 'temporary sheds', accommodation was quickly provided over two stages to house as many stalls as possible – resulting in the small (by today's standards) 100 sq ft trading units. The 'sheds' were built in 1976 and 1981 respectively and considered to have a commercial life of 25 to 30 years and are therefore towards the end of that life span.
- 3.4 The Market's frontage onto George Street consists of a series of single storey trading units of both poor appearance and structural quality which back onto an alley providing access to Butcher's row, in turn of poor appearance and structure. These particular Market features date back to the 1950s and along with the aforementioned sheds are considered inappropriate in modern retailing terms.
- 3.5 To keep the Market's options in context it is important to note that in the late 1990s a proposal emerged to develop the area to the north of the Market on the Union Street car park, potentially extending eastwards to include the land occupied by the Millgarth Police Station. Of considerable importance was the integration of this retail/leisure based project with the Market. The scheme's southern elevation was evolved to provide visual and pedestrian linkages to the Market.
- 3.6 Over a period of time these proposals were overtaken by a new and larger plan for the area, including Eastgate - known as the Eastgate/Harewood quarter development - led by Hammersons and Town Centre Securities (TCS). This new proposition coincided with the considerations for the Asset Management Plan for the Market's future.
- 3.7 So that no opportunity for the Market was left unexplored, Council officers discussed with Hammersons/TCS the proposals for Eastgate/Harewood and whether the Market's needs could be included in the development's plans. In the autumn of 2004 Hammersons/TCS explained that due to the advanced nature of the scheme they could not consider the Market's requirements within the first two phases of their proposed development. In effect this 'route' might not be available for up to ten years.
- 3.8 It was concluded that such a delay could threaten the viability of the Market and therefore, whilst acknowledging the need to be consistent with the Eastgate/Harewood Quarter proposals the expediting of the Asset Management Plan for the Market's future was the most appropriate strategy.
- 3.9 To replace the existing Market 1976/1981 sheds with basic stall provision is estimated to cost in the region of £15m. In addition to that the George Street elevation would need a significant investment (estimated at £5m) not only to enhance the structure but to ensure it created optimum synergy with the Eastgate/Harewood quarter development. The Market Visioning workshops concluded that this could only be funded or brought about through a range of options:
- (i). The Council's own capital programme or,
 - (ii). The Council divesting the Market and passing the development liability to a new landlord or,
 - (iii). A partnership arrangement to deliver improvements.

4.0 RISK ASSESSMENT OF OPTIONS

4.1 *Council's Capital Programme:*

- 4.1.1 Clearly an investment of at least £20m funded totally by the Capital Program would place a substantial burden on the Council's Capital Programme and it needs to be considered in the context that the Market is a discretionary service.
- 4.1.2 The costs indicated here are for replacement Halls and for ground floor accommodation only on the George Street elevation. Consequently revenue would **not** be significantly increased being mainly available only from existing trading businesses but accommodated in a new build Market.
- 4.1.3 In examining the financial data it is possible to predict the cash flows required to meet the loan repayments on an investment over a twenty-five year period. This analysis shows that the additional revenue required to 'break-even' would need to exceed £1.5m pa for the first five years, falling slightly thereafter on an annual basis so that by year eighteen additional revenues would need to be about £0.9m pa.
- 4.1.4 It is considered that such a refurbishment would not produce significant additional rental revenue within a 25-year period to cover these costs of the Capital investment.

4.2 *Relinquish the Market:*

- 4.2.1 On the basis that the Market is a discretionary service then the option exists for the Council to pass the operational management and future development to new owners.
- 4.2.2 However, the Council's strategic objectives, particularly narrowing the gap (appendix 2) which is supported by the Markets operation, would be very difficult to deliver outside of direct control over policy. For example a new owner would have economic gain as a significant key aim and this might not be compatible with supporting fledgling businesses. Equally, whilst the 1904 frontage on to Vicar Lane is listed and can be protected through planning powers, the Council would have little or no control over the future of the trading area occupied by the 'sheds'. The redevelopment of this trading area for alternative commercial uses could substantially undermine the critical mass of the Market.
- 4.2.3 Leeds as a city is thriving in many areas of business, retail, and leisure. Retention of the Market provides a major opportunity to support small businesses, particularly for under represented groups, in a city centre location.

4.3 *Partnership*

- 4.3.1 Although the minimum refurbishment identified would be to replace the 1976/1981 Halls and address the George Street single storey retail units, a more significant opportunity might exist.
- 4.3.2 This would involve not only the ground floor use for Market's retail but above ground floor too. There is substantial under-utilised volume above the existing building. Clearly requiring additional funds to release this for optimum use this is nonetheless a major opportunity to add-value to the Council's asset.
- 4.3.3 The use of this hitherto unavailable space may provide opportunity for retail, offices and residential facilities etc.– all potentially attractive to a development partner.

- 4.3.4 As previously discussed, a spend of at least £20m would be beyond the scope of the Council's current three year capital programme. However, the release of significant value - for example by building a number of levels in the centre of Leeds – may well prove an attractive investment opportunity.
- 4.3.5 The Council would lead on the nature of the development to ensure delivery of a suitable architectural solution fronted by the key retained feature, the grade I listed structure and the retention of the retail market.
- 4.3.6 In considering this option it cannot be assumed that a suitable development partner would be available. Therefore if this option is to be pursued, it would be necessary to consult with a number of potential partners to ascertain whether this potential exists and as important, in what form that might be to optimise the Council's interests. It would be desirable to determine this activity before detailed development options are evolved and the opportunity is properly marketed.

5.0 SPECIFIC IMPLICATIONS FOR ETHNIC MINORITIES, WOMEN OR DISABLED GROUPS

- 5.1 In delivering the Council's objectives through Market regeneration there will be significant business opportunities to develop links with the diverse communities adjacent to the city centre, assisting in the key aim of closing the gap.

6.0 CONCLUSION

- 6.1 There is a commercial and social need to achieve the strategic objectives contained in this report and which are set out in appendix 2.
- 6.2 It is acknowledged that the proposed development to the north of the Market has emphasised the need to achieve Market infrastructure improvements. At the same time, the remaining life and appearance of the sheds to the east of the 1904 & 1875 listed Market Halls are substantial reasons alone to undertake regeneration.
- 6.3 The overall footprint of the Market is appropriate in a city as vibrant as Leeds and this critical mass is fundamental to the sustainability of the Market facility.
- 6.4 The most effective route to deliver the much needed development in terms of scale and cost, whilst preserving the Council's Market and Corporate objectives, is felt to be through some form of partnership – although the principles of such need to be developed.

7.0 CONSULTATION

- 7.1 While representatives of the Traders Association have been involved in the workshops officers await Executive Board endorsement of the general findings before approaching all the Traders.
- 7.2 If Members are supportive of these findings these need to then be discussed with Market Traders as a whole in order to understand their opinions alongside those of Market customers before developing the option further. An appropriate approach would therefore be:
- Executive Board Approval to the principles and the process of partnership creation;
 - Member and public consultation;
 - Consultation with both indoor and outdoor market traders;
 - Consultation with potential partners regarding options for such;
 - Report to Executive Board explaining the outcomes of these consultations.

8.0 FINANCIAL IMPLICATIONS

8.1 There are limited financial implications resulting from the recommendations in this report. Following consultation a further report will be brought back to the Board which will outline any significant financial implications associated with the selection of a preferred option.

9.0 Recommendation

9.1 The Executive Board is recommended to approve and endorse:

- the objectives established in the visioning workshops and detailed in this report;
- the conclusion that the Council should retain ownership and control of Kirkgate Market;

and to approve:

- Member and public consultation;
- that Market traders are invited to a meeting/workshop to discuss options and to determine their views;
- that the Council's officers develop the principles of a partnership in order to deliver the ideas determined from the consultation process (aligned with the objectives detailed in this report) and
- that an update report be brought back to this Board upon completion of the consultation with proposals for taking forward the concept of a partnership to deliver major improvements to Kirkgate Market.

PREVIOUS RETAIL LED STRATEGY AND IMPROVEMENTS COMPLETED

- 1.1 In 1996 specific Market Research was carried out in order to test some of the assumptions of the strategy with regard the Market's position and customers' needs. The findings of the research recommended:
- easing the sense of crowding in parts of the Market and improving circulation for customers;
 - improving the quality of goods and services;
 - increasing trust between traders and consumers by introducing a traders' charter;
 - introducing greater variety by aiming for fewer clothes stalls and more and better cafés and food facilities;
 - better toilets, baby changing rooms, more parking, credit/debit facilities, payphones, signage;
 - improving environment especially cleanliness of stalls, displays, food handling, aisles and toilets;
 - improving security in the Market.
- 1.2 Both the market research and strategy broadly concluded the need for minimum consumer standards, cleanliness and quality as many potential shoppers felt Kirkgate Market was not meeting standards expected by customers.
- 1.3 Specific elements were identified as work then in hand or work to be done including options for the development of the 1976/1981 Market Halls.
- 1.4 Overall the task fell into three broad categories – which were the subject of a report to Scrutiny Board 3 in September 2000 following the findings and action plan of a District Audit Report published in late 1999:

1 Infrastructure improvements – Council investment and commitment;

Examples of the areas of Improvement	Capital Cost £000
Redevelopment of the Open Market	1,900
High Quality Signage in Market	40
Multi-storey car park market facility	110
Internal & external environment improvements, accessibility, safety, security and cleanliness:	

Painting & lighting 76/81 Halls	400
New doors including automatic doors	120
CCTV	120
New cleaning machinery	144
New Floor surface in 1976/81 Halls	216
Customer circulation/fascia improvements 1976/81 Halls	262

These improvements were in addition to the £10m invested by the Council in refurbishing the 1904 and 1875 Market areas between 1990 and 1995.

The Council's obligations under infrastructure improvements were completed in late 2002 with the opening of the new customer toilet facilities at a further cost of £577k.

2 Stall improvements – where commitments from both Council and trader were needed;

The Council's contribution to stall improvements was to address the inconsistent standard of the structure and its appearance – generally the frontage and in particular the fascia. The strategy also indicated a need for Market's management to address poor displays informally and formally through Tenancy Agreements.

The Council have adopted an incremental approach to changing display presentation since 1999. This has required all new traders to undertake to comply with their tenancy obligations with particular regard to the removal of high level and beyond the demise displays.

Where the opportunity for physical improvement exists then the Council have improved stalls, including lifting the ceiling and fascia height to provide much better display space within the unit.

Traders' commitment was to improve and maintain the standard of displays congruent with the improved environment and shoppers' expectations. Those traders entering the Market since 1999 have largely delivered on these expectations – although still requiring attention through the enforcement policies. Stalls occupied by tenancy agreement prior to 1999 remain largely unchanged.

3 Goods and services – trader commitment, Council catalyst;

- The commitment anticipated from traders was to improve the overall quality of products on offer, for example where fresh produce was offered it was the same quality as displayed. Alternatively, in the case of manufactured goods if a product was sold as branded and new then it should be, ie. Not an unauthorised copy.
- Facilities for customers to pay by credit/debit card were to be provided and there has been some take up by traders, particularly those selling larger electrical items;
- Additionally, a comprehensive return of defective goods policy was to be provided – however traders do not always adopt a 'no quibble' service which leads to customer complaints to the Council. The Markets Service attempts to resolve these, acting as mediator between customer and trader. However, occasionally these are referred to Trading Standards for formal action;

In acting as a catalyst the Council attempts to standardise the approach to improved customer service by way of a 'charter' or similar and since 1999 has adopted the Servicemark scheme as a benchmark of excellent customer service. All traders coming to the market since 1999 are expected to sign up to the scheme, which is free.

- 1.5 The Council's commitment regarding Kirkgate Market – embedded in the 1996 strategy – has been fulfilled. This is evidence of the Council's continuing commitment to a strategic approach to Kirkgate Market based on sound principles of retail Market management relating to:
- the Market's infrastructure and operational needs;
 - the long term benefits and expectations of traders, customers and other stakeholders;
 - partnership with a range of agencies to improve the services and infrastructure;
 - integration with the city-wide offer thereby striving to ensure Leeds is a diverse and attractive city centre;
 - exploiting the in-house skills and experience of staff to the benefit of diverse local communities, particularly the areas of greatest deprivation. For example, the Council targets such via community based media (eg local radio) and with its expertise ranging from retailing to financial planning it can offer quality advice to potential traders/start-up businesses.

STRATEGIC REVIEW THROUGH THE MARKET VISIONING WORKSHOPS

- 2.1 Attendees of the Market Visioning workshops were drawn from Council officers, private sector retailers and Market traders. As a starting point, the perception of participants was tested when considered from the various positions of Market trader, regular Market customer and an infrequent user of the Market. Some key views expressed were:
- The Market premises and surrounds were not attractive;
 - The layout of the Market is ineffective;
 - With around a 200,000 weekly footfall the overall size of the Market was considered appropriate when customer density was compared to regional and national shopping venues, the evidence for this being the footfall when viewed against the area of land occupied. Kirkgate Market has a customer density in excess of many major retailing centres including for example White Rose Shopping Centre.
 - Despite the common perception products on offer in the Market are not necessarily competitive when considering both quality and cost compared to other retail outlets. This is borne out by the evidence of the Markets Service own research using a 'basket of goods' approach to compare like with like at competitor outlets;
 - Some stall holders do not keep their stalls and surrounds clean and tidy.
- 2.2 Following a series of workshop activities, strategic objectives for the Market were identified where these could clearly contribute to the Council's five key priorities (Corporate Plan 2002).
- 2.2.1 *Looking after the Environment to:*
- Create investment in the Market site;
 - Protect the listed building and improve/protect access to it;
 - Improve links to other developments;
 - Contribute to the regeneration of the Kirkgate area;
 - Improve the interpretation of the Heritage of the Market;
 - Meet ENCAM¹ targets
- 2.2.2 *Competing in the Global Economy to:*
- Ensure the diversity and innovation of the offer in the Market;
 - Promote equality and cultural diversity;
 - Assist start-up business, sustain existing business;
 - Support development of city centre retail offer;
 - Appeal to broad range of shoppers from mainstream to niche;
 - Support tourism;
 - Drive investment into the Market to optimise trader returns;
- 2.2.3 *Creating confident communities by:*
- Reducing all categories of crime and the fear of crime in the Market;
 - Supporting crime reduction initiatives.

¹ ENCAM is an environmental pressure group which promotes the improvement of streetscene, recycling, removal of graffiti etc..

2.2.4 *Making the most of people by:*

- Striving to achieve equality and representative cultural diversity;
- Encouraging start-up business;
- Providing training advice and support to new and existing businesses;
- Promoting flexible entry packages for small lettings

2.2.5 *Integrating transport by:*

- Increasing opening hours – optimising access for early and late shoppers;
- Delivering a relevant offer to reduce the need to drive to out of town retail parks;
- Reducing commercial deliveries at peak times;

PRIORITISING THE STRATEGIC OBJECTIVES

3.1 The Visioning Workshops considered the strategic objectives for priority and this resulted in the objectives being categorised (in diminishing importance) as Primary Needs, Primary Wants, Secondary Needs and Secondary Wants. Those objectives classed as Primary Needs were determined to be of absolute importance and vital to the Market's future and were considered in more detail by the workshop and are summarised as:

3.1.1 Cultural and commodity representation:

- The cultural representation of all ethnic groups from Leeds within both the existing commodity mix and future evolution of commodity diversity – including organic foods - was seen as crucially important and capable of providing a significant competitive edge;
- It was considered that on site consumption of food was very important and high priority should be given to configuring such a provision, possibly in a 'food court' setting;
- Of note was the unanimous opinion that the existing general clothing offer should be reduced.

3.1.2 Supporting features:

- A training plan – covering retailing and business planning techniques, offered to new Market entrants and facilitated by the Council was again considered important and of high priority adding further to the Market's overall competitive performance and to the Council's broader regeneration objectives/closing the gap;
- Supporting the operational environment through the continuing partnership with the police, whereby a dedicated police resource is stationed at Kirkgate Market, was seen as the most effective route to change the mistaken perception that many non-users of the Market have, i.e. above average levels of crime. This added-value element of the Market offer was therefore important and of high priority.

3.1.3 Primary Infrastructure requirements:

- Expanding the requirement already expected of new entrants, to existing traders ie that trading units should be professionally merchandised using minimum standards of fixtures and fittings was seen as both important and overdue. Whilst it was acknowledged that dedicated retail fittings would introduce a cost to traders it was considered the benefits to customers would lead to further competitive advantages to traders;
- It was also considered very important to provide new trading stalls of a consistent design but with flexibility to accommodate differing commodities;
- Of immediate importance was the development of the balcony area in the 1904 Market Hall and a project to deliver this improvement has now been included in the Capital Programme;
- Perhaps of the most significant importance was the need to retain the ground floor 'selling' frontages and high profile presence to Vicar Lane, George Street and the Coach Station/Supertram elevations, including the replacement of the trading sheds at the eastern side of the Market.