

Report of: Chief Economic Development Officer

Report to: Scrutiny Board (Regeneration)

Date: 31 October 2011

Subject: Kirkgate Market

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): City and Hunslet	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: Appendix 2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

1.0 Purpose of this Report

To respond to the requests of Scrutiny Board.

2.0 Background Information

At the meeting of the Scrutiny Board (Regeneration) on 27 September, Members requested that a report of the Director of City Development be presented to the next Board meeting providing the following information:

- The relevant Executive Board minute of 27th July 2011;
- Steps taken to comply with the Executive Board's decision of 27th July 2011 to transfer Kirkgate Market to an arms length company and the instruction given to officers to further investigate what form this should take in response to the Scrutiny Inquiry Report on the Future of Kirkgate Market;
- Details of the work that has been commissioned to establish the optimum size of the future market, together with consultant costs;
- Details of the lettings policy for the indoor market, together with exempt information showing the amount each trader pays;
- Market traders signage and the payment of a bond;
- Action taken to facilitate meetings between the market traders and Hammersons;
- Works that are to be carried out by the Council in the indoor market at a cost of £200,000 and whether market traders have now been notified of this fact.

3.0 Main Issues

- (i) The Executive Board minute of 27th July is as follows:

42 The Strategy for Kirkgate Markets

Further to Minute No. 123, 15th December 2010, the Director of City Development submitted a report providing an update on the findings from a public consultation exercise undertaken earlier in the year, on the petition organised by the Friends of Kirkgate Market Group and outlining the measures taken by the Council to address the issues raised. In addition, the report set out the strategy for Kirkgate Market in order to ensure the market was sustainable.

Having received responses to Members' enquiries regarding rental levels and the potential input of independent retailers into the running of the market, the Chair highlighted the levels of support for the long term future of the market which had been received.

The report noted that full equality impact assessments would be carried out on the different forms of arms-length companies and in determining the optimum size of the market.

RESOLVED –

- (a) *That the Board restates its commitment to the long term future and success of Kirkgate Market.*
 - (b) *That the vision and objectives for Kirkgate Market, as set out within Section 4 of the submitted report, be endorsed.*
 - (c) *That the strategy for Kirkgate Market, as set out within Appendix II of the submitted report be endorsed, specifically in respect of the proposals to:-*
 - i) move the management and ownership of Kirkgate Market to an arms length company and establish a Project Board and engage expert opinion to consider and recommend the form this should take;*
 - ii) start consultation with staff and the Trades Unions to inform the recommendations to Executive Board;*
 - iii) determine the optimum size for the indoor and open markets, after taking expert advice, and determine the necessary steps to reach that size.*
- (ii) **Steps taken to comply with the Executive Board's decision of 27th July 2011 to transfer Kirkgate Market to an arms length company and the instruction given to officers to further investigate what form this should take in response to the Scrutiny Inquiry Report on the Future of Kirkgate Market.** In responding to this instruction, the Council is currently undertaking a tendering exercise to appoint a consultant to advise on the nature of the proposed arms length company for Kirkgate Market and the optimum size for Kirkgate Market. It is anticipated that an appointment will be made on 31st October 2011. The cost will not be known until the tenders are returned and evaluated. The brief for consultants is to provide advice on:
- the optimum size for the Kirkgate indoor and daily markets and the necessary steps to achieve that optimum size, taking account of the current trading patterns, planned developments and local, regional and national trends in the markets and retail sectors;
 - the likely interest from the private sector in investing in the market or forming a partnership with Leeds City Council;
 - the possible ownership and management models for Kirkgate Market including the governance arrangements. This advice will be based on the

consultant's knowledge and experience of existing models and their success;

- how submissions from the private sector or other organisations who wish to invest in the markets and/or enter into a partnership with the council to jointly own and manage the market should be evaluated;

The brief also requires the production of plan which sequences the change of ownership/management structure and the steps required to reach the optimum size for Kirkgate Market, into one overall programme of change.

- (iii) **Details of the work that has been commissioned to establish the optimum size of the future market, together with consultant costs.** See above response.
- (iv) **Details of the Markets Service's lettings policy.** This is attached as Appendix 1. It sets out the criteria by which markets management evaluate applications for new tenancies, changes to existing tenancies, and assignments. The purpose of the policy is to manage the quality and mix of the retail offer within the indoor market, and to ensure the Council obtains the optimum rental values for its retail units within the market. Annexed to the lettings policy (**exempt information**) is a table which sets out the rental values currently obtained for all occupied units in the indoor market halls.
- (v) **Market traders signage and the payment of a bond.** Scrutiny Board proposed at its September meeting that a proportion of the bond paid by new tenants is held to ensure appropriate and quality signage is erected by the incoming tenant, and removed when they depart. This suggestion was welcomed and this amendment is currently being incorporated into the terms and conditions of all future leases by requiring an additional bond of £150 to be held against the erection, within a defined timescale, of approved signage on the unit.
- (vi) **Action taken to facilitate meetings between the market traders and Hammersons.** A meeting of the Market Forum has been arranged for 15th November 2011 which Hammersons will be attending. Hammersons have indicated that they wish to have a continuing dialogue with market tenants and traders and the Markets Service will continue to facilitate this.
- (vii) **Works that are to be carried out by the Council in the indoor market at a cost of £200,000 and whether market traders have now been notified of this fact.** All tenants have been informed through the newsletter of the roof and glazing repairs that are scheduled to take place. Roof repairs are due to start on site w/c 24 October 2011 - working on the 1875 Hall during trading hours and the 1904 Hall on Sundays. With respect to the glazing repairs a survey by the contractor is due to be undertaken w/c 24 October 2011; work will be undertaken on Sundays (estimate is for 16 Sundays) and is due to commence on Sunday 13 November 2011.

With regard to improving ventilation, the costs of converting the existing extract fans in 1904 Hall to dual purpose are being estimated and the costs and feasibility of repairing the windows in the 1904 roof is being

considered. Costs are also being sought to service and repair the general extractor fans in the 1875 Hall.

4.0 Corporate Considerations

4.1 Legal Implications, Access to Information and Call In

4.1.1 Access to Information

The information contained in Appendix 2 is exempt under Access to Information Rule 10.4 (3) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of Appendix 2 as exempt outweighs the public interest in disclosing the information.

5.0 Recommendation

Scrutiny Board is requested to note this report.

Appendix 1 - Details of the Markets Service's lettings policy

Appendix 2 - Rental levels (CONFIDENTIAL)