

## Report of Head of Scrutiny and Member Development

### Report to Executive Board

**Date: 10<sup>th</sup> February 2012**

### Subject: Consultant's Report on the Future of 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. The Executive Board on 27<sup>th</sup> July 2011 considered a report by the Director of City Development on a future Strategy for Kirkgate Market. 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.
2. The Executive Board at that meeting 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.

3. The Council subsequently engaged consultant's to report on options available for the future operation and management of Kirkgate Market.
4. On 17<sup>th</sup> January 2012 Scrutiny Board (Regeneration) considered the consultant's report on this matter.
5. Members of the Scrutiny Board expressed a number of major concerns regarding the consultant's report and requested that their observations be reported to and considered by the Executive Board meeting today prior to any decision being taken regarding the future ownership and management of Kirkgate Market.

### **Recommendations**

6. That Executive Board consider the concerns and observations made by Scrutiny Board (Regeneration) regarding the consultant's report on the future operation and management of Kirkgate Market.

## **Purpose of this report**

- .1 To request that the Executive Board on 10<sup>th</sup> February 2012 consider the major concerns of the Scrutiny Board (Regeneration) regarding the consultant's report on the future operation and management of Kirkgate Market before making a decision on this issue.

## **Scrutiny Board's Comments and Observations**

- 2.1 The Board considered whether the report of the consultant's Quarterbridge Project Management Ltd complies with the Executive Board brief and intentions. Members concluded that the consultant's report does not meet the brief as it does not consider a range of management models but concentrates only on that of a Limited Liability Partnership which according to the consultant's report will be supported by potential investors, preserve the Council's tax position and ensure speed of establishment. Members thought that in accordance with the resolution of the Executive Board meeting on 27<sup>th</sup> July 2011 it was looking to consider a range of options for management of Kirkgate Market.
- 2.2 Members of the Scrutiny Board (Regeneration) had a number of concerns and issues regarding ownership and operation of Kirkgate Market.
  - The Scrutiny Board does not believe that a lease to a Limited Liability Partnership of 99 years with an option to extend for a further 25 years is in the best interests of the Council. The Members were concerned that the Council could be replicating the mistakes made with that of the Corn Exchange.
  - The proposals in the consultant's report have serious implications for traders. The report states that their proposals will require a tenant reselection process. Re-selected tenants would be offered an agreement for lease in return for surrendering their existing agreements and at the same time may be allocated new positions in the market to improve use-zoning and sightlines.
  - Referring to paragraphs e11 and e12 of the consultant's report Scrutiny Board is concerned that the Council should not simply hand over assets to a body which wants to be autonomous from democratic control.
  - The consultant's report states that modernisation works referred to in paragraph g23 are still too early to define but Members had concerns about the costs of including tensile canopy roofs for the open market which is proposed to be relocated on to the 1976 site once it is demolished.
  - Members referring to paragraph h3 consider that there are options (for example an arms length company) available to the Council to increase capital injection without supporting a Limited Liability Partnership and Executive Board should consider further the options available to it in this regard. Paragraph h4 states that investors will be looking to reduce service charge costs and increase rents. The Scrutiny Board believes this could be achieved without entering a Limited Liability Partnership.

- The consultant's report states that it has taken legal advice from the same law firm which is acting on behalf of adjacent developers. Members want assurances that there is not a serious conflict of interest as a consequence.

## **Corporate Considerations**

### **.1 Consultation and Engagement**

- .1.1 There are no specific consultation or engagement issues in the context of this report.

### **.2 Equality and Diversity / Cohesion and Integration**

- 3.2.1 There are no specific issues in the context of this report.

### **.3 Council Policies and City Priorities**

- .3.1 Kirkgate Market is included in the City Priorities

### **.4 Resources and Value for Money**

- .4.1 There are a number of issues in this regard which would need to be addressed if the proposals by the consultant are accepted or rejected by the Executive Board.

### **.5 Legal Implications, Access to Information and Call In**

- .5.1 There will be legal implications regardless of the option the Executive Board decides to proceed with.

### **.6 Risk Management**

- .6.1 It would be necessary to undertake detailed risk and equality impact assessments regardless of the option the Executive Board decides to proceed with.

## **Recommendations**

- .1 That Executive Board is asked to consider the comments and observations of Scrutiny Board (Regeneration) on the consultant's proposals for the future operation and management of Kirkgate Market.

### **5.0 Background documents**

- 5.1 The consultant's report by Quarterbridge Project Management Ltd dated December 2011 on the investment and modernisation strategy for Leeds Kirkgate Market