

**Report of Head of Scrutiny and Member Development**

**Report to Executive Board**

**Date: 16<sup>th</sup> May 2012**

**Subject: A Request from Scrutiny Board (Regeneration) to Executive Board to Reduce Kirkgate Market Rents for a Time Limited Period**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" 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: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. On 28<sup>th</sup> February 2012 Scrutiny Board (Regeneration) considered a report of the Director of City Development on the number of vacant stalls in Kirkgate Market (indoor) and the resultant loss of income as a result of those empty units.
2. The report to Scrutiny Board on 28<sup>th</sup> February 2012 advised Members that at the time of writing the Director's report there were 78 vacant units with an under achievement of annual rent and service charges to the Council of £709,800.
3. The Markets Manager provided an update and the latest figures in relation to notices to quit; leases agreed and on footfall numbers prior to and after the Christmas period.
4. Members expressed concern at the number of traders leaving the market. On a Scrutiny Board visit to Kirkgate Market on 7<sup>th</sup> February 2012 Members met with a number of traders who have worked in the market for many years and who have given notice to quit over the coming months. They all stated to Members that in their view rent levels were too high in the current economic climate.

**Recommendation**

5. That the Executive Board be recommended to consider a reduction in Kirkgate Market (indoor) rents for all traders for a time limited period in view of the increasing vacancy factor in the market and in advance of the current review.

## **Purpose of this report**

- .1 To request that the Executive Board consider a reduction in Kirkgate Market (indoor) rents for all traders for a time limited period in view of the increasing vacancy factor in the market and in advance of the current review.

## **2.0 Background information**

- 2.1 The Scrutiny Board on 28<sup>th</sup> February 2012 received a report from the Director of City Development informing Members that at the time of writing the Director's report there were 78 vacant units with an under achievement of annual rent and service charges to the Council of £709,800.
- 2.2 The Markets Manager provided an update and the latest figures in relation to notices to quit; leases agreed and on footfall numbers prior to and after the Christmas period. In the period since the last Scrutiny report in January 2012 7 notices to quit had been received, however a further 7 lets had been agreed. Footfall over Christmas and New Year had been significantly up on the previous year, and in Christmas week was 218,000 in the indoor market. Overall, the consolidated figure for footfall is up by 2.5% against the previous year.
- 2.3. Members of the Scrutiny Board visited Kirkgate Market on 7<sup>th</sup> February 2012 and met a number of traders on the shop floor and listened to their comments and concerns which included:-
  - The view that rents are too high and should be substantially reduced for a period of two years in the current economic climate. Some rents quoted for the larger stalls were £2,200 per month plus business rates
  - Their view that footfall had declined over the last few years
  - The concern that long established traders of 25 years and more are leaving the market because they can no longer make their businesses pay. One trader the Board met selling jigsaws was leaving at the end of the month after 27 years.
  - The opinion that vacant stalls are currently running at 30%
  - The perceived reluctance of some traders to invest in their stalls because of the current review of the market.
  - The concern at the time it takes to get a stall. It can take 8 weeks for the necessary financial and legal work to be completed by which time they asserted that the applicant has often walked away.
  - The view that empty stalls are not being promoted at all. Traders were of the view there should be notices put on every stall advertising their availability, cost and where to apply. In addition the market office should display in the window all the vacancies. They felt that was a lack of signage generally.
- 2.4 At the Scrutiny Board meeting on 28<sup>th</sup> February 2012 Members sought clarification from the officers as to whether consideration had been given to reducing rents in Kirkgate Market at least for a time limited period in order to try and retain existing traders and attract new ones and consequently increase footfall. The Markets Manager advised the Board that the Directorate was considering a range of options to maintain a vibrant and prosperous market with fewer vacant stalls, but a detailed financial analysis was required in order to consider this as it would have an impact on the markets income. As £500k had already been hypothecated from next year's return to central budgets, this would place further pressure on an already reduced return. The Markets Manager also

stated that management would like to reduce the number of differing rent levels across the market. This would form part of the current review and management of the market. Members took the view that the Council should act quickly to offer some temporary assistance to traders in Kirkgate Market (indoor) to try and address the increasing vacancy factor.

### **3.0 Corporate Considerations**

#### **(a) Consultation and Engagement**

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

#### **(b) Equality and Diversity / Cohesion and Integration**

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

#### **(c) Council Policies and City Priorities**

3.3 Kirkgate Market is included in the City Priorities

#### **(d) Resources and Value for Money**

3.4 There are no specific issues which have been identified.

#### **(e) Legal Implications, Access to Information and Call In**

3.5 There may be legal implications if the recommendation proceeds.

The recommendations within this report are not eligible for Call In as they solely refer the recommendations of Scrutiny Board (Regeneration) to Executive Board for consideration. However, the recommendations within the accompanying report, which provides the directorate's substantive response are eligible for Call In.

#### **(f) Risk Management**

3.6 It would be appropriate to consider further if the recommendation proceeds.

### **4.0 Recommendations**

4.1 That Executive Board be recommended to consider a reduction in Kirkgate Market (indoor) rents for all traders for a time limited period in view of the increasing vacancy factor in the market and in advance of the current review.

### **5.0 Background documents<sup>1</sup>**

5.1 None used

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<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.