
Report of the Head of Scrutiny and Member Development

Executive Board

Date: 27th July 2011

Subject: Response to the Scrutiny Inquiry Report on the Future of Kirkgate Market

Electoral Wards Affected:

☐

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity ☐

Community Cohesion ☐

Narrowing the Gap ☐

Eligible for Call In

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Not Eligible for Call In

(Details contained in the re

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EXECUTIVE SUMMARY

1. The Scrutiny Board (City Development) agreed to undertake an inquiry on the future of Kirkgate Market and agreed terms of reference in November 2010.

2. This report gives the Acting Director of City Development's response to the Scrutiny Board (City Development) inquiry report and recommendations on the future of Kirkgate Market which was published in May 2011.

3. The Executive Board is asked to consider where there is a difference of opinion between Scrutiny and the Director/Executive Member, or where recommendations are directed specifically at Executive Board, to pronounce on these matters.

1.0 Purpose Of This Report

- 1.1 This report gives the Acting Director of City Development's response to the Scrutiny Board (City Development) inquiry report and recommendations on the future of Kirkgate Market.

2.0 Main Issue

- 2.1 The Acting Director of City Development is shortly to submit a draft market strategy on the future of Kirkgate Market for consideration of the Executive Board and the Scrutiny Board (City Development) report and recommendations on this issue should be considered as a useful contribution to this process.

3.0 Directorate's Response to Scrutiny Board's recommendations

- 3.1 The Acting Director City Development's response is drafted to be read in conjunction with the Scrutiny Board inquiry report on the Future of Kirkgate Market.

Recommendation 1

That in developing a draft strategy for Kirkgate Market; and noting the critical success factors for retail markets referred to in paragraph 15; we would support the management and operation of Kirkgate Market remaining with the Council but with a strengthened role for traders and business representatives through the establishment of a Management Committee for the market, to be chaired by a market trader. This would replace the current Markets Forum which was recently established.

Response. Officers propose that the preferred option at this stage is for ownership and management of Kirkgate market to transfer to an arms-length company. This could possibly be in the form of a Limited Liability Partnership, the exact nature of which needs further investigation and analysis. This is the model that officers believe will both facilitate the increased investment required and deliver the faster decision making processes required by a commercial operation. The management team of any future company that ran the market would continue to hold regular meetings with tenants and their representatives. In the interim the Markets Forum would remain in place.

Recommendation 2

That the Executive Board consider commissioning further work to establish the viability and cost effectiveness of reducing the size of Kirkgate Market, which utilises the space more effectively and refurbishes the buildings which are retained to a higher standard than is currently the case before committing to undertaking the imminent and essential work that is required.

Response Officers agree that further work should be commissioned to establish the optimum size for Kirkgate market as well as the viability and cost effectiveness of reducing the size of Kirkgate Market, whilst ensuring that any works that are essential on health and safety grounds are undertaken and that imminent and essential works continue as planned to the 1904 and 1875 buildings.

Recommendation 3

That the Executive Board consider "ring fencing" a percentage of rental income each year for refurbishment and upkeep of Kirkgate Market (in addition to the usual maintenance costs) and that a list of work be identified and prioritised with market

traders through the Management Committee to be financed from these funds each financial year.

Response Officers are currently assessing the feasibility of utilising a much increased percentage of the rental income each year for the maintenance and promotion of the Market. It is already current practice to consult tenant representatives on any discretionary expenditure. The level of funds recycled will need to be considered carefully in the context of the Council's financial position.

Recommendation 4

That the Acting Director of City Development consider either an alternative rent charging for Kirkgate Market or undertake a thorough review of the discounts and rents available in Kirkgate Market with a view to simplifying and making more transparent the discounts offered and which recognises traders who have operated in Kirkgate Market for many years.

Response A review is on-going, in the interim the '10%' scheme has been discontinued and those on the scheme are now being phased up to full rent. With regard to making rental levels more transparent the Council must decide whether it wishes Kirkgate Market to operate as a commercial business keeping, as other retail landlords do, details of rental negotiations confidential, or be completely open about rental levels, thereby limiting commercial flexibility.

At present existing traders who are in difficulties and request assistance are offered a range of alternative schemes. With respect to new tenants and existing tenants taking on additional stalls, markets management needs to have the flexibility to offer terms and conditions which reflect a range of factors such as the level of investment by the incoming tenant; the lead-in time of refurbishments; the length of lease and whether the goods or services helps to achieve the best mix. However these agreements are confidential and officers strongly recommend that they remain so. It is perhaps worth emphasising that it is not in the long term interests of the market to allow any such arrangements to result in unfair competition which drove existing tenants out of the market – the overall aims of our lettings policy are to reduce voids and improve the range and quality of goods and services.

Recommendation 5

That the Acting Director of City Development:

(i) undertake a review of the staffing costs which are allocated to the Service Charges for Kirkgate Market to identify if any savings could be made in this area.

Response: Agreed. This is currently being undertaken.

(ii) introduce electronic access to the Service Charge accounts income and expenditure for market traders rather than manual copies which are held in the Markets Office.

Response: Agreed in principle. The feasibility and cost effectiveness of this will be explored and proposals brought forward on how best to put this in place.

Recommendation 6

That the Acting Director of City Development undertake a review of the lettings policy for Kirkgate Market with traders; to ensure that it is fit for purpose and contributes to the development of a strategy that ensures Kirkgate Market is the best market in the UK for quality and for being a unique shopping experience.

Response: A review of the lettings policy is being undertaken.

Recommendation 7

That the Acting Director of City Development work with the traders to:

i) adapt and make the changes necessary to win back footfall to Kirkgate Market by improving the overall shopping experience of customers which encourages them to spend more; and

(i) make a greater investment in promoting Kirkgate Market.

Response:

(i) Measures currently being undertaken to win back footfall are outlined below.

- The new website at www.leedsmarkets.co.uk profiles traders free of charge, and includes details of offers and events, recipes etc;
- Social media (Twitter, Facebook, Flickr, blogging) is proving particularly important as a means of communication with new target markets. For example @leedsmarkets has over 900 followers on Twitter, and bloggers regularly comment on the food offer;
- Markets promotions are linked wherever possible with wider events and opportunities, and staff work closely with City Centre management. Some traders have participated in the Leeds Loves Food festival in July 2010, in the October's Leeds Loves Shopping week and in Festive Leeds as well as in a range of seasonal events and promotions in school holidays;
- New opportunities for joint working with external partners are an important part of the awareness-raising campaign; for example traders are participating in Good Food Friday at the Corn Exchange; and students from Leeds Met University are undertaking feasibility work into a 'shop and drop' scheme to encourage early morning purchases from customers on the way to work;
- The markets actively encourage TV companies to use the market as a location where this gives a positive message, and the filming diary is extremely busy;
- A newsletter for traders is produced monthly and regular management meetings are offered to tenant representatives to keep traders up to date with the latest news, developments and initiatives. Management also conduct regular one-to-one sessions with traders to share views and discuss opportunities;
- Markets are working with an organization of national food promoters, Shelf Life, whose remit is to position Leeds Kirkgate market as the premier food destination in the North in respect of quality and variety of food. Their campaign includes food demonstrations, links with food experts and chefs, a permanent presence in Kirkgate market and a range of events and promotions aimed at food connoisseurs;
- The cost of additional space in front of stalls (Yellow Line areas) was reduced by 50% in 2010 and a new initiative allows traders who do not have a 'yellow line' to trial one free of charge for 3 months to see if it improves turnover;
- The Local Enterprise Growth Initiative (LEGI) project 'How Bazaar' allows new artisans to market test their product at low risk in the market. Several of these have gone on to be successful businesses and the project has now engaged with Leeds Met University to extend this initiative;
- Working with Friends of Kirkgate market to run events;

- Wednesday all day opening is supported with free car parking for Wednesday afternoon market customers.

These initiatives are already having a positive impact on footfall which has been steady at around -3% on 2010 figures, which compares very favourably with the rest of Leeds city centre. Since the start of April 2011, however, footfall has exceeded the 2010 figure by as much as 8%. Likewise, voids at the end of period 12 2010/11 represent 14.22% of total available (18.88% including those on the former assisted rental scheme which will be phased out during 2011).

(ii) Some traders are beginning to invest more in promoting their businesses and the market, and some have recently invested significantly in upgrades and expansions.

Recommendation 8

That the Acting Director of City Development review this as part of developing a new strategy for the market which requires traders to operate to agreed standards which include a requirement to erect appropriate fascias with their correct name on it, display their goods attractively and keep their stall clean. This should be included in future tenancy agreements.

Response: It is already a requirement in tenancy agreements that traders operate to agreed standards which include a requirement to erect appropriate fascias with an appropriate name on it, display their goods attractively and keep their stall clean. However the legal enforcement of such requirements is difficult, time-consuming, costly and sometimes unsuccessful. Legislation may be introduced which would enable Markets Management to issue fixed penalty notices to traders who failed to comply with their tenancy agreements.

In relation to changing the name on a fascia when a stall has been assigned to a new tenant, the name forms part of the goodwill/business equity at the time of assignment and can be important in retaining customers for that business, especially early on after assignment. What we aim to eliminate are poor quality or temporary signs so now, whenever tenants apply for a change to their lease, we insist on appropriate signage which complies with our guidelines as a condition of the variation.

Recommendation 9

That the Acting Director of City Development introduce appropriate performance indicators that enable the success of the new market strategy once implemented to be measured and that these be made available to the traders, Executive Board Member and relevant Scrutiny Board on a regular basis.

Response: Agreed. Performance measures will be finalised shortly but will include measures of footfall, tenant turnover, occupancy levels, customer satisfaction and income generation.

Recommendation 10

That the Acting Director of City Development review the parking, loading and unloading arrangements as part of the strategy for the Market having regard to the Eastgate development including the possibility of identifying a dedicated area for traders transit vans that cannot be parked in the NCP market car park.

Response: Agreed. This is currently being undertaken.

Recommendation 11

That the Acting Director of City Development ensure that officers keep traders appraised of progress with regard to the Eastgate Development and that the developers Hammersons and John Lewis be asked to meet with market trader representatives on a regular basis to explain their proposals and hear the traders concerns.

Response: Officers are already keeping traders appraised and will continue to do so through a variety of means; in addition public consultation events and two formal meetings between tenant representatives and Hammersons have been held and officers have asked Hammersons to maintain a proactive dialogue with Traders throughout the development process.

Recommendation 12

That the Acting Director of City Development provide a copy of the Market Strategy on publication to the relevant Scrutiny Board for consideration and comment.

Response: Agreed.

4.0 Implications For Council Policy And Governance

4.1 Not applicable as there are no specific proposals.

5.0 Legal And Resource Implications

5.1 Not applicable as there are no specific proposals.

6.0 Recommendations

6.1 The Executive Board is asked to consider where there is a difference of opinion between Scrutiny and the Director/Executive Member, or where recommendations are directed specifically at Executive Board, to pronounce on these matters.

7.0 Background Papers

7.1 Report of Scrutiny Board (City Development)