

Report of Director of City Development

Report to Executive Board

Date: 10 February 2012

Subject: Kirkgate Market Strategy and Capital Works

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 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. Kirkgate market has had some recent successes in increasing footfall, attracting new tenants and winning both national and local awards. Nonetheless the market is facing some major challenges, although with significant investment it can have a sustainable and secure future.
2. The Council recently appointed the markets specialist Quarterbridge Project Management Ltd to advise on the best arm's length arrangement for the ownership and management of Kirkgate Market and on its optimum size. Quarterbridge have recommended a change in the management to a form of commercial partnership, a reduction in the size of the market by approximately 25% and the replacement of the 1976 and 1981 halls and George Street shops, with quality extensions and the refurbishment of the rest of the market. They have also made a number of other recommendations on improving the layout of the market, increasing the size of the promotional budget and other matters.
3. Deciding whether a form of commercial partnership will best meet the vision for the market and, if so, what form it should take, is a very significant decision. However, as the Council needs to invest significantly in Kirkgate Market as a matter of some urgency and give tenants the confidence to invest in their own businesses, officers propose that a proportion of the income from the market is hypothecated which in part will enable detailed feasibility and design work and to facilitate prudential borrowing to fund major investment in the market. In the interim officers will further

consider whether a commercial partnership would best serve the needs of the Market, and if so what form it should take.

Recommendations

4. Executive Board is recommended to:

- i. note the recommendations from market specialists, Quarterbridge Project Management Ltd;
- ii. reaffirm its commitment to ensure a sustainable future for Kirkgate Market
- iii. agree in principle, to reduce the market by 25% and to proceed with a full feasibility study for a modern extension to replace the 1976, 1981 and George Street shops halls and for the refurbishment of 1904 and 1875 halls;
- iv. agree to retain the open market and relocate it following the redevelopment of the indoor market so that it remains adjacent to the indoor market.
- v. agree to hypothecate a proportion of the markets surplus in 2012/13 as a contribution to the potential revenue and capital costs of redevelopment and refurbishment and to inject a scheme into the capital programme to enable a full feasibility study to be undertaken; .
- vi. request officers to report back on the outcome of the feasibility study to advise Executive Board on the scope, scale and financial implications of the redevelopment and refurbishment proposals.
- vii. to instruct officers to explore the advantages and disadvantages of a commercial partnership against the option of the market remaining in the Council's sole ownership and management ;
- viii. to instruct officers to consider further the feasibility of implementing other matters recommended by Quarterbridge.

1. Purpose of this report

1.1 This report provides members with updates on:

- a) the strategy for Kirkgate Market;
- b) the recommendations of market specialists, Quarterbridge Project Management Ltd on the future management and ownership model for Kirkgate Market, its optimum size and various other matters to secure the market's future;
- c) the capital maintenance works programmed for Kirkgate Market.

1.2 The report also outlines proposals for taking forward some of the recommendations from Quarterbridge's report regarding the replacement of some areas of the market and the refurbishment of other halls and proposes further consideration of the future management and ownership of the market.

2. Background information

- 2.1 Kirkgate Market covers both the indoor and outdoor markets, and the shops on George Street. It does not include the shops on Vicar Lane (Boots etc), or the shops on New York St, nor the NCP car park. The Market provides:
- over 400 businesses offering a range of affordable goods and services;
 - direct employment for an estimated 2,000 people;
 - opportunities for new entrepreneurs to enter retail and catering;
 - a tourist destination.
- 2.2 Leeds Kirkgate Market is currently wholly owned and managed by Leeds City Council through its Markets service. Leeds City Council also owns the Market Charter rights for the Leeds Metropolitan District.
- 2.3 Kirkgate Market is in a prime retail location in the heart of the city centre; it is a jewel in the city centre's retail crown with the potential to be even better. It is housed in five interconnected areas: the Grade 1 listed 1904 hall, the 1875 hall, the George Street shops and two 'temporary' hangar structures which form the rear of the indoor market. These were added in 1976 and 1981 following a fire at the market. There is also an open daily market at the rear of the building, which is immediately adjacent to the bus station. A £650m mixed retail development by Hammersons, (Eastgate Quarters) covering 1 million sq ft has just been given outline planning permission next to the market, which affords the opportunity to reconnect the markets with the core retail offer to the west and north.
- 2.4 The Markets service turns over between £3.5m and £4m pa. The net managed surplus which supports the council's overall net managed budget is £2m. This was at a peak in 2006/07 at £2.4m. The overall operating surplus including overheads and capital charges is currently £1.5m.
- 2.5 Kirkgate Market has had a number of successes recently including winning 'Leeds Shopping Centre of the Year' Award and a national award for Market Innovation of the Year for its popular 'Shop and Drop' scheme. Footfall has risen by 4%, a number of new tenants have joined the market and there has been some very positive publicity in the media highlighting some of the excellent stalls and events at the market. The open market continues to thrive with different themed markets often held 7 days a week. Notwithstanding this position, Kirkgate Market is facing many challenges and pressures as indeed many other markets are nationally.
- 2.6 The Council has to consider the future of the market within the context of the recession, the changing UK retail sector and public spending cuts. The retail landscape has significantly changed in the last 10 years with the loss of household names and the emergence and significant growth of on-line retail. In addition the sale of non-food goods by supermarkets has soared and is likely to increase further.
- 2.7 It is inevitable, therefore, that more marginal independent traders and retailers are not able to survive in the current economic climate – indeed some were struggling during the retail boom. Increasingly independents cannot compete on price and

convenience; instead they often need to compete on customer service and the quality / uniqueness of their products. Whilst there has been a gradual reduction in the number of traditional retail market traders nationally, there has been a steady growth in the success of specialist niche markets. This has been illustrated in Leeds with the success of both farmers markets and craft markets. To survive and thrive Kirkgate Market needs to build on its excellent food offer to incorporate more specialist food retailers, consolidate its affordable fashion and beauty offer and enhance its arts and crafts offer.

- 2.8 Retail destinations now need to be permeable and fully integrated into the streetscape around them, they need to combine a mix of retail and leisure and they need to offer an excellent customer experience rather than just an opportunity to buy goods and services. Above all they need to keep evolving to continue to meet and exceed customers' growing expectations as well as providing better trading environments for tenants.
- 2.9 In addition to the challenges of the recession and increased competition, Kirkgate Market has significant associated liabilities, particularly in terms of the maintenance of fabric of the Grade 1 listed buildings. Two 'temporary' hangar structures which form the rear of the indoor market, erected after a devastating fire in 1975, are well past their expected 15-20 year lifespan and are beyond economical repair. The total outstanding maintenance works to Kirkgate Market are an estimated £4.44m. These costs take no account of any need to progress more substantive remodelling of the facilities. Addressing these issues presents the Council with an excellent opportunity to really improve conditions for both tenants and customers.
- 2.10 Given the issues outlined above, Executive Board at its meeting on 27 July 2011 endorsed a new vision and strategy for Kirkgate Market.
- 2.11 The Vision for Kirkgate Market is to be the best market in the UK:
- highly successful, profitable and sustainable;
 - a centre of excellence for independent retailers and entrepreneurs;
 - a top destination for residents and tourists.
- 2.12 Executive Board agreed on 27th July that to realise this vision needs:
- a shorter chain of command with greater flexibility to ensure faster decision-making and implementation;
 - significantly increased investment in the buildings and stalls, whilst keeping and enhancing the distinct character of the market;
 - significantly increased promotion including a full programme of events all year round;
 - an improved overall offer on the market in terms of the range and quality of goods and services sold;
 - an improved overall customer experience by ensuring the market is the optimum size, improving the 'legibility' of the market through signage, wayfinding and improved layout; and improving opening hours, customer service and customer satisfaction;
 - better promotion of available units, flexible terms and better business support.

2.13 Consequently Executive Board agreed to:

- endorse the proposal to move the management and ownership of Kirkgate Market to an arm's length company and establish a Project Board and engage expert opinion to consider and recommend the form this should take;
- start consultation with staff and the Trades Unions to inform the recommendations to Executive Board;
- determine the optimum size for the indoor and open markets, after taking expert advice, and determine the necessary steps to reach that size.

2.14 Furthermore, Executive Board at its meeting on 02 November 2011 approved the promotion of £400k from the reserved programme to the funded capital programme for urgent maintenance works at Kirkgate Market, funded by a release from the capital contingency scheme. This is in addition to the £200k programme of works currently being carried out.

3. Main issues

3.1 Strategy

3.1.1 The strategy for Kirkgate market has three themes:

- firstly to continue to promote the market to existing and potential customers and prospective tenants through a variety of measures;
- secondly to continue to improve the environment of the market to benefit tenants and customers and to ensure the indoor and outdoor markets are the optimum size with 100% stall lettings; and
- thirdly to adopt the best ownership and management model for Kirkgate Markets to secure significant investment in both the environment of the market and its promotion, and to ensure faster decision-making and greater flexibility.

3.1.2 The outcomes the Council is seeking from this strategy are improved conditions for both tenants and customers to attract more customers and tenants to the market, thereby helping tenants' businesses become more profitable and the market more sustainable. This will enable the market to make an even greater contribution to the local economy and the Leeds retail offer.

3.1.3 A project board has been established to help drive forward the strategy; to date it has met 5 times and will continue to meet on a regular basis. Expert opinion on the future strategy for the market was commissioned by the City Council in November 2011 and a report has been received from the market specialists Quarterbridge Project Management Ltd. The report provides:

- advice on the possible ownership and management models for Kirkgate Market to ensure the sustainability of the market and maximise potential investment into, and returns from, the market;
- advice, following soft market testing, on the likely interest from third parties in investing in the market or forming a partnership with Leeds City Council; and

- an assessment of, and advice on, the optimum size for the Kirkgate indoor and daily markets and the necessary steps to achieve that optimum size.

3.2 Management and ownership

3.2.1 The advantages and disadvantages of different legal vehicles to explore the potential for third party investment from the widest possible pool of potential investors has been considered by the market specialists Quarterbridge Project Management Ltd. A number of partnership vehicles were considered including:

- Sale of the freehold;
- A management contract;
- An arms-length management company managed by a markets operator;
- A limited liability partnership.

3.2.2 In reviewing these options consideration was given to:

- the ability of the City Council to retain sufficient control through the partnership;
- the amount of finance (capital) the City Council can raise;
- whether the partner can raise finance;
- whether the vehicle enables City Council to remain exempt from Corporation tax;
- if the vehicle can operate without the Council acting as guarantor;
- whether the vehicle allows sufficient flexibility to maximize profits;
- the amount of profit the City Council can expect.

3.2.3 The assessment of the partnership vehicles was also informed by the soft market testing exercises undertaken by Quarterbridge and supplemented by the City Council. Several potential partners including market operators, investors, retail property asset managers and a firm of commercial solicitors active in establishing private investment funds provided confidential responses.

3.2.4 Executive Board considered and rejected the sale of the freehold and the outsourcing of the management of the market to a private sector operator (a management contract) at its meeting on 27 July 2011, as both would result in the loss of control and influence over the future of the market. Executive Board considered and rejected other possible models and resolved that officers to should explore different forms of arm's length companies.

3.2.5 The soft market testing exercise concluded that, from a commercial perspective, the first preference of potential third party investors was for the sale of the freehold and market rights, the second preference was for a management contract and the third preference was for an arms length company, wholly run by a market operator. If none of these options were acceptable to the Council some investors would be interested in a commercial partnership in the form of a Limited Liability Partnership with the Council.

- 3.2.6 An arms-length management company operated by a private sector market operator would create the opportunity for a more devolved and autonomous management structure but would incur corporation tax and VAT burdens which would have to be reflected in increased stall rents. Adding an additional tax burden onto rents and service charge is not the right signal to send to the stallholders facing several years of disruption. The alternative arrangement of the Council not passing these on but accepting reduced income may be equally unpalatable. Private investors were concerned with the management uncertainties inherent in an arms-length management company and the prospect of the Council seeking to exercise day-to-day management control.
- 3.2.7 Quarterbridge's recommendation is to use a Limited Liability Partnership; this is a well tried form of legal vehicle specifically designed for such public / private partnering opportunities. The legal basis for LLP's was established specifically to enable public bodies to take advantage of the commercial skills and quick decision-making available through the private sector. A Limited Liability Partnership is a tax-transparent vehicle particularly suited to Council partnerships because the tax burden falls upon the individual partners, not upon the partnership itself. This would preserve the great advantage to the Council of avoiding a corporation tax burden that would have to be passed onto traders via their rents or discounted from receipts. Quarterbridge took specific legal advice which confirms their view that this is the most suitable option – an opinion partly informed by the experience of Glasgow City Council who recently used an LLP to redevelop their wholesale market.
- 3.2.8 Executive Board needs to consider whether an LLP is the best vehicle to realise the Council's vision for the market as outlined above and if so what form that LLP should take. Issues to be considered are the balance of influence, profit and investment. Glasgow City Council for example retained full control of its LLP, however the LLP was created to facilitate prudential borrowing, to speed up decision-making to react more quickly to market forces and to give tenants the confidence to invest in their businesses. The borrowing requirement to refurbish the city's wholesale market was only in the region of £6-£7m, which was easily covered by prudential borrowing and so no third party investment was required. All staff were transferred under TUPE with full pension rights and have remained in post. However, Liverpool City Council decided to establish a joint venture company in the form of a Strategic Service Partnership with Geraud Markets (UK) in 2003 as the market was making a loss and additional investment was required; Geraud turned the loss into a profit in the first year. Again all staff were transferred under TUPE and all office based staff have remained with the company.
- 3.2.9 Given the importance of the market to the city, further detailed consideration and analysis needs to be given to this aspect of Quarterbridge's report before a final proposal regarding the management and ownership is brought forward. However, as a going concern in volatile economic conditions, the market cannot stand still, therefore officers propose moving forward with development of plans for re-investing in the market in parallel.

3.3 Optimum Size

- 3.3.1 Quarterbridge recommended that the future size of the indoor market is reduced by approximately 25%. This is based upon existing usage and voids, taking into account the impact of additional footfall, changing shopper demographics, late night and other trading possibilities, tenancy schedules and a preliminary space-planning exercise. A 25% reduction is equivalent to approximately the size of either the 1976 or 1981 building. The proposed floor space would be utilised as follows:
- ground (sales) floor - 52,000 sq.ft. net lettable;
 - 4,000 sq ft net lettable at balcony level for use as catering and public WC's. relocated from the ground floor;
 - additional storage to improve the efficiency of the ground floor stalls;
 - potential for additional area for plant and new electricity substation;
 - replacement of the 1976 and 1981 buildings.
- 3.3.2 The recommended future size is predicated by several objectives:
- ensuring 100% occupancy, with a modest waiting list for stalls;
 - maximising the proportion of ground floor area devoted to sales;
 - improving the balance of trades to attract maximum shopper footfall;
 - space-planning the operational facilities to ensure the efficient use of the site;
 - introducing back-up storage facilities to boost sales turnover;
 - being able to offer equivalent reinstatement to existing permanent traders.
- 3.3.3 The recommended future size was calculated by:
- Existing net lettable floor areas for all stalls in all halls
 - Discounted the floor area calculation by the floor area of existing voids
 - Discounted by omitting the floor area of all temporary lettings
 - Analysed the existing user-clauses of permanent lettings and compared it to a benchmark of user-types one would wish to see in a large, fully-let market with a good balance of trades. This identified 25 no. additional stalls at 400 sq ft net lettable
 - Consideration of the efficiency of space-planning across the site and the zoning of different uses and the need for additional storage and plant and new electricity substation
- 3.3.4 Quarterbridge also recommended that the open market should remain at a similar size and continue to be in a location adjacent to the indoor market. They also recommend making the frontage to George Street more permeable and wherever possible units should be double fronted to open both inwards to the market and outwards on to George Street.

- 3.3.5 The programme and phasing of works requires further detailed thought, but completion of full redevelopment could be expected to be in 2017. The programme and phasing of works would need to allow for the possible creation of a commercial partnership or other form of LLP, (if that is the direction the Council wishes to take), maintain continuity of trade for stallholders and incorporate the legal processes to ensure vacant possession when needed for building works and a cost-effective sequence of working for the contractors, whilst minimising revenue implications.
- 3.3.6 Consideration must be given to the long term sustainability of the Council using the markets' surplus income to support the revenue budget. In that context and in view of the need for the market to operate in a competitive retail environment, officers propose that the Council moves to a position where a proportion of the markets' surplus is hypothecated for reinvestment into its physical and operational development as a means of supporting its long term viability and development.

3.4 Additional advice from the consultants.

- 3.4.1 Quarterbridge have advised that the market needs to increase its promotional budget to approximately £200,000, met through the service charge. The layout of stalls across the market needs to ensure that every stall is located in a prime position and there are no 'secondary' positions and that there is the provision of data services to each stall. They also considered the mix of trades and have separately recommended an increase in delicatessens as well as arts and crafts stalls, together with more 'anchor stores', ideally including, for example, a post office.

3.5 Urgent Maintenance Works

- 3.5.1 £400k of funding was approved by Executive Board on 02 November 2011 for expenditure during 2012/13. The priorities for maintenance are listed in **Appendix A** and will be completed during 2012/13.
- 3.5.2 Whilst the above works will ensure the short term health of Kirkgate Market, Executive Board Members are reminded that the 1976 and 1981 buildings which form the rear of the indoor market, erected after a devastating fire in 1975, are well past their expected 15-20 year lifespan and are beyond economical repair. Outstanding works to Kirkgate Market are estimated to cost £4.44m (of which £3.32m is for the 1976 and 1981 buildings).

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Executive Member for City Development has been regularly briefed by the Director of City Development.
- 4.1.2 The Member Markets Champion attends the Kirkgate Market Strategy project board and is regularly briefed by Markets management.

- 4.1.3 The brief for Quarterbridge and the PIN was shared with the Markets Forum and Friends of Leeds Kirkgate Market and there have been various discussions regarding the future of the market at the Markets Forum and elsewhere to enable members of the National Market Traders Federation to inform and consult with their members.
- 4.1.4 Quarterbridge's report has been widely circulated and comments have been invited both verbally and electronically. The report was also presented to Scrutiny Board (Regeneration) on 17th January 2012. Scrutiny Board made a number of observations and resolved to raise some concerns with Executive Board. These concerns include the nature of any alternative ownership and management model; the length of any lease to a Limited Liability Partnership; the costs of improvements to the open market and the implications of proposals for tenants. All these concerns will be considered by the Project Board as it explores the different options for Kirkgate Market outlined in this report.
- 4.1.5 A detailed communications and consultation strategy will be developed as part of the next stage of the project.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2 An Equality, Diversity, Cohesion and Integration Screening has been completed. Full equality impact assessments will be carried out as part of the next stage of the project.

4.3 Council policies and City Priorities

- 4.3.1 The Kirkgate Market Strategy supports the sustainable growth of the Leeds economy, raises the profile of Leeds nationally and internationally and reduces carbon emissions (due to fewer food miles in getting produce to market).

4.4 Resources and value for money

- 4.4.1 The scale of the scheme for the redevelopment and refurbishment of the market is difficult to quantify at this stage, although Quarterbridge has estimated it to be in the region of £30m. By way of example, using £1m per annum from the Markets income would enable the Council to borrow circa £13m over 25 years.
- 4.4.2 At this early stage, officers would advise that any wholesale refurbishment and redevelopment of the market is likely to cost at least £20m. However less comprehensive schemes could be delivered if the Council did not wish to invest to that extent.
- 4.4.3 Initially it is proposed that, as identified in paragraph 3.3.6, £0.5m of the markets surplus is hypothecated, which would be treated as a revenue contribution to capital outlay as a means of supporting the long term investment needs of Kirkgate Market. In the first instance, officers propose that a full feasibility study and business case are commissioned to identify the scope, scale and financial implications (capital and revenue) of a redevelopment and refurbishment scheme, which would have first call on these monies. This feasibility study will explore a range of redevelopment propositions from say circa £6m to a more fully

comprehensive scheme of £20m+. Once completed, a report will be brought back to Executive Board so that the financial and logistical implications of different redevelopment and refurbishment schemes can be considered more fully. The scope of the feasibility study will be:

- A reduction in the size of the market by approximately 25%, including consideration of the recommendations for additional stalls on the ground floor, additional space at balcony level for a food court and public WC's relocated from the ground floor, additional storage area and additional plant area
- The replacement of the 1976 and 1981 halls
- Refurbishment of the 1875 and 1904 halls including all maintenance works identified in the current survey and condition report
- Refurbishment/replacement of the George Street shops including consideration of making the frontage more permeable and making units double fronted to open both inwards to the market and outwards on to George Street.
- Space-planning across the site including consideration of the zoning of different uses and the balance of trades
- Provision of data services to each stall.
- Location of layout of the open market (similar size as existing)
- The programme and phasing of works including consideration of the legal processes required to ensure vacant possession when needed for building works and a cost-effective sequence of working for the contractors, whilst minimising revenue implications.
- Revenue implications of the redevelopment and refurbishment
- A number of options to reflect the differing levels of potential funding available (ranging from £6m to £30m).

4.4.4 It is also proposed that, following Quarterbridge's advice, the promotional budget for the Markets is reviewed.

4.4.5 Resources have already been allocated for urgent maintenance works to be undertaken at Kirkgate Market. However there is still a shortfall of approximately £800k for the 1904 and 1874 halls which will need to be identified in the capital programme. Additional funding of approximately £3.2m would also be required if the 1976 and 1981 halls are not replaced.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There will be legal issues arising from the relocation of tenants due to the proposed redevelopment and refurbishment works. These will be determined as part of the next stage of the project.

4.5.2 There are no access to information issues arising from this report.

4.5.3 The report is subject to call in.

4.6 Risk Management

4.6.1 The risks to the project have been carefully considered and measures put in place to ensure that the risks can be managed effectively. A detailed risk register will be developed during the next stage of the project.

5. Conclusions

5.7 The three preferred options of private investors would result in a reduction in the control exercised by the Council over both the strategic direction of the market and its day-to-day operation. The consultant's recommendation is therefore for a Limited Liability Partnership which would provide investment and enable the Council to retain a level of control and continue to play a leading role in the future of the market.

5.8 However, it is recommended that further investigation is needed to determine the extent and detail, if any, of any third party investment and appraise this against the option of the Council funding the capital investment and continuing with the current management arrangements. A report will then be brought back to a future Executive Board. The report will take account of:

- The amount of influence the Council would be able to exert;
- The profit share;
- The proportion of equity to be held by the Council;
- The amount of Council capital investment;
- The potential to generate substantial additional capital and revenue investment.
- The potential to stream-line decision making and facilitate greater flexibility.
- The potential to ensure the market is run as a commercial operation.
- The potential to continue to provide the Council with an income stream, although possibly at a reduced level.
- The potential to minimise the Council's liabilities in terms of both the cost of maintenance and claims.

5.9 The recommended future size of the indoor market equates to approximately a 25% reduction. Replacement of the George Street shops, the 1976 hall and the 1981 hall together with the refurbishment of the 1904 and 1875 halls is also recommended.

5.10 In order to secure the long term, sustainable and financially viable future for Kirkgate Market the Council substantial capital investment is required, whichever management and ownership model is determined. As Executive Board agreed on at their meeting on 27 July 2011, doing nothing is not an option, nor can there be continued delays in investing more in the fabric of the market to enable it to meet customers' expectations and in promoting the market more widely. The Market requires greater investment, greater autonomy and greater flexibility to operate in a sector as dynamic as the retail sector.

- 5.11 In the first instance officers therefore propose that a full feasibility study and business case is commissioned to identify the scope, scale and financial implications (both capital and revenue) of the redevelopment and refurbishment scheme. It is proposed that the costs of the feasibility study would be funded from £0.5m hypothecated from the markets surplus. Once completed, Executive Board could consider more fully the financial implications of a full redevelopment and refurbishment scheme in light of the outcomes of the feasibility study.

6. Recommendations

6.1 Executive Board is recommended to:

- i. note the recommendations from market specialists, Quarterbridge Project Management Ltd;
- ii. reaffirm its commitment to ensure a sustainable future for Kirkgate Market
- iii. agree in principle, to reduce the market by 25% and to proceed with a full feasibility study for a modern extension to replace the 1976, 1981 and George Street shops halls and for the refurbishment of 1904 and 1875 halls;
- iv. agree to retain the open market and relocate it following the redevelopment of the indoor market so that it remains adjacent to the indoor market.
- v. agree to hypothecate a proportion of the markets surplus in 2012/13 as a contribution to the potential revenue and capital costs of redevelopment and refurbishment and to inject a scheme into the capital programme to enable a full feasibility study to be undertaken.
- vi. request officers to report back on the outcome of the feasibility study to advise Executive Board on the scope, scale and financial implications of the redevelopment and refurbishment proposals.
- vii. to instruct officers to explore the advantages and disadvantages of a commercial partnership against the option of the market remaining in the Council's sole ownership and management;
- viii. to instruct officers to consider further the feasibility of implementing other matters recommended by Quarterbridge.

7. Background documents

- Quarterbridge report, dated 14 December 2011.
- Executive Board report The Strategy for Kirkgate Market 27th July 2012
- Executive Board report 'Towards a Markets Strategy' 15 December 2010.
- Towards a Strategy for Kirkgate Markets: The Evidence Base (in Group offices) which set out background information on Kirkgate Market, the importance of the market to the city centre and wider city, the national retail

context, the current economic environment, how other markets have responded, the issues facing Kirkgate Market and options on how the Council could respond.

- Scrutiny (City Development) Inquiry into Kirkgate Market.
- Leeds Markets Survey report March 2011
- Equality, Diversity, Cohesion and Integration Screening Form