



Report of Head of Markets

Report to Director of City Development

Date: 14th February 2019

Subject: Market rent concession 2019

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. The pressures on the high street have been well publicised and have impacted on large retailers including HMV, Toys R Us, Maplins, House of Fraser and Debenhams within the past 12 months. This all increases the pressure on the high street and independent retail businesses.
2. On-line retail sales have now hit 20% and continues to grow year on year.
3. The media continues to report on the down turn of retail and figures released from the larger retailers over the Christmas period are painting a bleak future.
4. Against this background it is recognised that LCC takes a proactive step to support our tenants by putting in place a 20% rent concession for six months.

Recommendations

5. The Director of City Development is recommended:

- 5.1. To approve a six monthly rent concession of 20% for indoor and outdoor tenants at Leeds Kirkgate Market.
- 5.2. To approve the implementation date of the new rent concession from the 1st April 2019.
- 5.3. To approve tenants must open for the core hours as per their lease agreements of 9am – 5pm or the concession will be removed.

1 Purpose of this report

- 1.1 This report seeks approval for a 20% rent concession for a six month period for both indoor and outdoor tenants, based on the current state of retail on the high street.

2 Background information

- 2.1 The Council continues to make a number of investments into the market to ensure that it will continue to play a leading role at the heart of Leeds' retail offer. This includes investment in three new food stalls. In addition, strip back works for two large block shops are also being planned to start around March 2019 right in the heart of the market. Later this year sees the development of a hotel on George Street along with a surface level car park on part of the outdoor market around summer 2019, subject to planning.

3 Main issues

- 3.1 Decline in consumer spending on the high street and continued rise in on-line shopping is increasing the financial pressure on small independent businesses.
- 3.2 Retail continues to change at a fast pace and a lot of smaller independents are unable to keep up with trends due to lack of finance to invest. Markets have traditionally been cash only businesses and tenants are having to invest more time into digital technology to compete with high street and on-line retailers and customer demands.
- 3.3 Not all tenants open up for the core hours of trading which has a detrimental effect giving the perception to the customer that the market is closed towards the end of the working day. This trend impacts on footfall effecting those businesses that open up for the full core opening hours.
- 3.4 The cost to the service to implement a 20% rent concession for six months is £195,000.
- 3.5 If the service receive notices from tenants not only will it be harder to fill these units due to the current climate but there will be a significant loss in rental income which potentially may out way any concession given.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Consultation has taken place with the services executive member on the 7th January 2019 and the Market Champion on the 10th January 2019. The market management board were also engaged with on the 10th January informing them that the service were considering implementing a rent concession based on the current retail climate.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 As the concession is for the whole market no single group will be discriminated against.

4.3 Council Policies and City Priorities

4.3.1 This supports the following policy:

- Best council plan

4.4 Resources and Value for Money

4.4.1 This report requests that we implement the 20% rent concession in order to support our tenants during the current downturn in high street retail for a six month period.

4.4.2 The potential budget pressure (estimated at circa £195k) resulting from the rent concession will be contained within the Directorate's overall income budget (circa £104M for 2018/19).

4.5 Legal Implications, Access to Information and Call In

4.5.1 This is a Significant Operational Decision and not subject to call in.

4.6 Risk Management

4.6.1 In order to receive the 20% rent concession tenants must open up for the core hours of 9am – 5pm as stipulated in their lease agreement. This will have to be managed fairly by the market officers on a daily basis and may receive a hostile reaction by those that have the reduction removed.

5 Conclusions

5.1 The conclusion of this report is to recommend the approval to implement a 20% rent concession for six months starting from the 1st April 2019. The concession can be removed by the service for a tenant if they fail to open as per their lease agreement.

5.2 A process for checking tenants are adhering to the requirements of the rent reduction would be included in any communications given to tenants in advance of the concession being implemented.

6 Recommendations

- 6.1 The Director of City Development is recommended:
 - 6.1.1 To approve a six monthly rent concession of 20% for indoor and outdoor tenants at Leeds Kirkgate Market.
 - 6.1.2 To approve the implementation date of the new rent concession from the 1st April 2019.
 - 6.1.3 To approve tenants must open for the core hours as per their lease agreements of 9am – 5pm or the concession will be removed.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

