

Leeds Kirkgate market container park operator award

Date: 28th February 2024

Report of: Head of Markets and Head of Asset Management

Report to: Director of City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Executive Board approved on 14th December 2022, that a consultation exercise should be undertaken for the potential introduction of a new container food, beverage and entertainment offer on part of the Open Market at Leeds Kirkgate Market.

A further report was presented to Executive Board on the 8th February 2023 setting out the findings of that consultation exercise. Executive board approved the progress for the potential delivery of the proposal in accordance with the Council's standard processes for a land and property transaction and delegated approval was granted to select a potential operator to the Director for City Development in consultation with the Executive Member for Economy, Culture and Education.

The opportunity for the outdoor market was marketed via a three- stage process following which a recommendation can now be made to select a preferred bidder.

Recommendations

- a) The Director of City Development is recommended to select 'Stack' as the preferred bidder to develop the container park on the outdoor market based on their proposal for the site and rental income offer.
- b) A further delegated report will be provided in due course which will seek approval for the terms of the agreement with 'Stack'.

What is this report about?

- 1 The rigorous and wide-reaching marketing exercise and offers process that was undertaken to select a preferred bidder.
- 2 The first stage saw the opportunity advertised to the market on Yortender in April 2023 for initial expressions of interest, to which Ten expressions of interest were received from private operators.
- 3 The second and third stages were to undertake a two-part informal offer process. Three offers were received for both stages from the same offerees. The third and final stage of the process was to submit a 'best and final offer' to which all three parties submitted offers that conclude on the 24th January 2024.
- 4 See appendix 1 for details of the rental offers received from all three operators.
- 5 On receipt of the final offers, consultation was sought from the Council's licencing section to ascertain if there were any issues with regarding a licenced premises on site within this part of the city. Feedback received was the market does not sit within the city centre 'cumulative impact area'. The successful bidder would need to apply for a licence in the usual manner and consultation would be required with all necessary parties as with any application to the alcohol licensing team.
- 6 Feedback was also sought from West Yorkshire Police crime prevention officers. It was recommended that the chosen bidder engages at the earliest opportunity with them so they can offer advice with regards security and public safety. Comments were also received that this development, alongside the build of the hotel on George Street, would help to deter anti-social behaviour within this part of the city due to the longer opening hours into the evening and improved look of the area.

What impact will this proposal have?

- 7 This proposal will impact a small number of traders who currently trade within the proposed site area where their stalls will be removed. The market will reduce in size from 185 stalls to 100 which will accommodate all existing traders. The busiest market day only requires 85 stalls, so the market still has potential to attract new traders and generate added income.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 The proposal will help to secure the longer-term future and viability of the Open Market, albeit on a reduced footprint. This will bring benefits to individual traders whilst also helping to secure the benefits of small independent traders to the city as a whole. The development of the site by the operator will need to consider the impact to the Council's ambitions on Zero Carbon and careful consideration of any implications arising would need to occur (probably through any planning application process) of both construction and on-going operation of the site. The site should create a its own economic microclimate creating jobs and prosperity for local people as well as allowing new and existing local independent businesses to trade within the city centre.

What consultation and engagement has taken place?

Wards affected: Little London, City Centre and Woodhouse

Have ward members been consulted? Yes No

- 9 All stakeholders including market traders, general public, market customers, surrounding business, stakeholders and partners have all been consulted. Planning officers, licencing officers, crime prevention officers and the markets management board have also been consulted.
- 10 The Deputy Leader of the Council and Executive Member for Economy, Culture and Education has been briefed on the proposal and is supportive. Deputy Leader of Council and Executive Member for Resources has also been briefed and is also supportive. Ward Members in Little London, City Centre and Woodhouse and the Leader of the council have been informed of the proposal and are supportive.
- 11 The statutory planning and licencing process will be undertaken by the operator and as part of this there will be the opportunity for interested stakeholders to make representation as part of the statutory consultation process.

What are the resource implications?

- 12 The land is not being sold so remains an asset for the council, all costs are covered by the operator, and it is down to the operator to source planning and licencing approvals.
- 13 The proposal will generate annual income for the market service please see details referenced in appendix one.

What are the key risks and how are they being managed?

- 14 There is a risk that the small number of traders who must relocate may not get their preferred stalls, but it will be done using a tried and tested selection process in consultation with the outdoor market trader representatives. The market service will be writing out to those traders that will need to relocate to set out the process of moving stalls.
- 15 There is a risk that planning and or licencing approval will not be granted but discussions have been had with the relevant officers to better understand any issues that may impact these approvals to give us some certainty, as well as the need for a planning pre app. The selected operator will be advised of the feedback received in order that they can respond and progress appropriately.

What are the legal implications?

- 16 Executive Board on 8th February 2023 resolved:
- a) To delegate approval to the Director of City Development, in consultation with the Deputy Leader of Council and Executive Member for Economy, Culture and Education, to market the site as a suitable location for a potential container led food, beverage and entertainment offer;

- b) To delegate approval to the Director of City Development, in consultation with the Deputy Leader of Council and Executive Member for Economy, Culture and Education, for the selection of a potential operator;
 - c) To progress the potential delivery of the proposal in accordance with the Council's standard processes for a land and property transaction.
- 17 The proposal constitutes a **Significant Operational Decision** and is therefore not subject to call in.
- 18 The information contained in the Appendix attached to this report relates to the financial or business affairs of particular persons, or organisations, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information is to be used as part of one to one negotiations in respect of the leases of these properties in this report, it is not in the public interest to disclose this information at this point in time. Also, it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions of other similar properties. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.
- 19 The Council's legal service will complete the lease once Heads of Terms have been agreed.

Options, timescales and measuring success

What other options were considered?

- 20 Given the financial pressures the Council faces and the overriding context of continuing reductions in open market traders locally, regionally, and nationally there are no obvious alternatives other than to do nothing, which would result in a continued managed decline of the open market and further challenges around income.
- 21 Consideration was given to alternative uses of the site. However, these did not secure the future use of the site for the delivery of an open market. This was discounted due to the view that retaining an element of open market provision provides important retail activity whilst also complementing the indoor market. This also reflects the Council's ongoing commitment to the Leeds Kirkgate Market as a whole.

How will success be measured?

- 22 Subject to approval, delivery of the proposal will be measured by the outcome of a successful operator and a deliverable scheme which will add value to the market and the wider city centre which will provide a valuable income stream to the Council.

What is the timetable and who will be responsible for implementation?

- 23 Immediate implementation will be progressed overseen by the Director of City Development.

Appendices

- Appendix 1 – Operator financial proposals - exempt under Rule 10.4.3 of the Access to Information Procedure Rules
- Appendix 2 – Plan detailing area to be leased

Background papers

- None