

**Report of Acting Director of City Development**

**Report to City Development Scrutiny Board**

**Date: 17 May 2011**

**Subject: Kirkgate Market**

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**Does the report contain information which has been identified as confidential or exempt?**

**Yes** (if exempt, please see the public interest test in section 4)  
Relevant section of the report:  
In accordance with Access to Information Procedure Rule:

**No**, this report does not contain information identified as confidential or exempt.

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**Is the decision eligible for call-in?**     **Yes**             **No – exempt**             **Not applicable**

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**Summary of main issues and corporate governance considerations**

1. The report provides a response to Scrutiny Board's Inquiry into Kirkgate Market.

**Recommendations**

**1 Purpose of this report**

1.1 That Scrutiny Board considers this response alongside their Inquiry into Kirkgate Market.

**2 Background information**

2.1 The report is drafted to be read in conjunction Review of the Future of Kirkgate Market – Scrutiny Board Inquiry.

2.2 The following text responds to the draft recommendations of the Scrutiny Board Inquiry.

**3 Main issues**

**Response to Scrutiny Board draft recommendations of its Inquiry into Kirkgate Markets.**

**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** It is proposed that a further consideration of ownership and management models is undertaken. Specifically to see how models would enable significant additional investment in the market and result in faster decision-making. The Director agrees that it is important that the Markets Manager is allowed to get on with the day to day operation of all the markets.

### **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 recommend that further work is undertaken to establish 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** It is proposed to explore this further to assess the feasibility of ring-fencing a 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.

### **Recommendation 4**

That the Acting Director of City Development consider either an alternative rent charging structure 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 although it should be noted that the ‘10%’ scheme has been discontinued and those on the scheme are now being phased up to full rent. Existing traders who are in difficulties and request assistance are offered a range of alternative schemes. Furthermore in order to manage the space effectively, markets management needs to have flexibility to offer terms and conditions which reflect a range of factors such as the level of investment by the incoming tenant; lead-in time; length of lease and whether the offer meets our target strategy. The same applies to existing tenants who take on additional units. However these agreements are and must remain, confidential.

### **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 undertaken every year when setting the Service Charge.

- (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:** Agreed. This 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
- (ii) make a greater investment in promoting Kirkgate Market.

**Response** Measures currently being undertaken to win back footfall include:

- the new website at [www.leedsmarkets.co.uk](http://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 and this presence will be increased in 2011; likewise 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 LMU 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 now 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 'Borough Market of 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, 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 LMU to extend this initiative;
- 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 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 in 2011).

Some traders are beginning to invest more in promoting their businesses and the market but the majority do not.

#### **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 often 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 the 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 is important in retaining customers for that business, especially early on after assignment. What we aim to eliminate are tatty or temporary signs so now whenever tenants apply for a change to their lease in any way, 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 by the proposed project team but will include measures of footfall, occupancy levels and income generation which are currently available.

#### **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 apprised 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 apprised and will continue to do so through a variety of means; in addition public consultation events and a formal meeting between tenant representatives and Hammersons have been held and officers will ask Hammersons to maintain a proactive dialogue with Traders through 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 Corporate governance considerations**

4.1 N/A as

### **5 Recommendations**

5.1 City Development Scrutiny Board is asked to consider this response alongside the Inquiry into Kirkgate Market.

### **6 Background documents**

6.1 Review of the Future of Kirkgate Market - Scrutiny Board Inquiry.