

Report of the Strategic Director of Regeneration & Culture to the meeting of Regeneration and Economy Overview and Scrutiny Committee to be held on 31st January 2013

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Subject: REGENERATION OF BRADFORD CITY CENTRE MARKETS

Summary statement:

The report will advise Members on the strategic options for the two city centre markets – Oastler Shopping Centre and Kirkgate Market - and consider the options for the consolidation of the two city centre markets at one single location.

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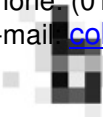
Portfolio:

Regeneration & Economy

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Overview & Scrutiny Area:

Regeneration and Economy



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1.0 SUMMARY

- 1.1 This report will advise Members on the strategic options for the two city centre markets – Oastler Shopping Centre and Kirkgate Market - and consider the options for their consolidation at one single location.

2.0 BACKGROUND

- 2.1 The Markets Service had been working to a ten year strategy originally agreed by the Executive in February 2003. This strategy allowed the Markets Service to retain its accumulated surpluses for each market venue, which is used to fund a programme of market re-development schemes across the City Centre and District.
- 2.2 The 2008/9 Strategic review presented to the Regeneration & Economy Improvement Committee in February 2009, recommended that successful and sustainable Markets are an important component in the success of our city and town centres and that plans for their improvement and consolidation be supported through regeneration programmes and masterplans.
- 2.3 As part of the City Centre Masterplan and subsequently the Markets Strategy presented to the Regeneration & Economy Improvement Committee on 10th February 2009, it was envisaged that the two city centre markets – Oastler Shopping Centre and Kirkgate Market will consolidate in the area around an enlarged and modernised Oastler Shopping Centre and focus primarily on speciality products including an emphasis on fresh produce and ethnic products and foods.
- 2.4 The Committee also recommended that the reinvestment of the trading surplus continues in order to improve quality and standards and to enhance markets as a shopping destination in the face of increasing competition.

- 2.5 Markets are an integral part of the overall retail offer in the city and have an important role to play in the future regeneration and success of the city centre

3.0 MARKETS – NATIONAL CONTEXT

- 3.1 On 27th November 2008, the Communities & Local Government (CLG) Committee announced the terms of reference of an inquiry into traditional retail markets. The purpose of the inquiry was to determine whether traditional markets are in decline and, if so, whether the implications are sufficiently important to warrant greater consideration by local authorities and Government.
- 3.2 The CLG Committee published the report of its inquiry into traditional retail markets on 23rd July 2009, and concluded:

'The situation as regards traditional retail markets in England today is complex. There is evidence of prolonged decline coinciding with the growth of supermarkets. But there is also evidence of continuing success for some in all types of markets. There is scope for optimism for the future provided that local authorities and other key stakeholders are willing and able to rise to the challenges that markets will continue to face.'

- 3.3 In 2011, following a meeting of the Communities and Local Government-led Retail Markets Working Group, the markets sector and the government it was agreed to set up an All-Party Parliamentary Group to assess the impact of those changes on retail markets, to help inform debate, policy and support.
- 3.4 To assist the All Party Parliamentary group a Markets Alliance consisting of five organisations representing the UK market industry was set up. The members include:
- The Association of London Markets (AoLM)
 - The Association of Town Centre Management (ATCM)
 - Country Markets
 - The National Farmers' Retail & Markets Association (FARMA)
 - The National Association of British Market Authorities (NABMA).
- 3.5 The aim of the Market Alliance is to promote the value and importance of retail and wholesale markets on local, national and international platforms, seeking effective engagement and influence with government and policy-making agencies in terms of profile, research, legislation, funding and development.
- 3.6 In 2012, The Markets Alliance undertook a survey of retail markets of 237 local authority run markets and 42 private markets.
- 3.7 Their findings show that nationally retail market performance is not dissimilar to the rest of the high street, in that trading conditions are still challenging, with some markets showing some stability, some increasing and some markets in decline.
- 3.8 The Government's emphasis on the importance of markets in contributing to the vitality and viability of town centres was informed by The Portas Review in December 2011. The Review promoted the benefits of indoor and outdoor markets in helping town centres to thrive, with markets recognised for bringing 'life' to towns and creating places where people can come together to buy, sell and meet.
- 3.9 Portas identified markets as 'fundamental traffic drivers back to our high streets' and that Markets form a key destination within the city centre's wider retail role and function.
- 3.10 The report makes clear that markets are an important factor in contributing to a centre's health. It is therefore important that markets are maintained or established in existing centres in order that those centres can benefit from linked trips; the additional pedestrian footfall created by the markets, and the general environment that can be created by the presence of a 'bustling' market.
- 3.11 Furthermore, the National Planning Policy Framework introduced in March 2012 states at paragraph 23 that local planning authorities should retain and enhance existing markets and where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive, in order to ensure the vitality of town centres.

4.0 MARKETS – LOCAL CONTEXT

- 4.1 The Oastler Shopping Centre is the larger of the two city centre markets and offers 176 stalls comprising retail sales area of 25,538 sq ft. The product offer differs from Kirkgate Market as it has a strong convenience/fresh food offer as well as having a retail anchor in Morrisons.
- 4.2 The Council owns the freehold of the site as well as being Landlord to the various tenants that occupy the internal units on individual periodic tenancy agreements. In addition, the Council, through its Asset Management Department, also lets the exterior shops on leases of up to 10 years.
- 4.3 Kirkgate Market was built in 1974 and is one of the key anchor tenants of the Kirkgate Shopping Centre. The Market offers 184 stalls comprising retail sales area of 18,872 sq ft.
- 4.4 The product offer is mainly comparison goods, however, the Market is also well known for its café offer with 4 large cafés.
- 4.5 The Council occupies the Market on an under lease from the Head Landlord (Crownway Investments) on a peppercorn rent for a term of 125 years from 1st January 1976.
- 4.6 The Council is both a tenant to the Head Landlord and a Landlord to the various tenants that occupy stalls on individual leases
- 4.7 Historically, Kirkgate Market's retail performance was the stronger of the two markets. However, since the refurbishment of the Oastler Shopping Centre in 2002, which saw the introduction of fresh food, Kirkgate Market with its predominately non food offer has seen a decline in footfall and increase in stall vacancies. The market is now faced with competition from many national discount stores in the city centre, most notably, Primark, Wilkinsons and Poundland
- 4.8 The Oastler Shopping Centre has seen an increase in stall vacancies over the last few years, which has been mainly due to the decline in its comparison goods offer.

5.0 CITY PLAN

- 5.1. The Regeneration Department is currently developing a delivery framework for the city centre – City Plan. We aim to have a draft completed during Spring with a final issue of City Plan in the Autumn. The process will include internal and external engagement programme with key groups to capture as many opinions as we can.
- 5.2 As reported to Executive on 4th December 2012 City Plan will complement the development plan for the city centre and will focus on the delivery of regeneration priorities in the City Centre under four sections - Prosperity, Property, People and Place.
- 5.3 Consideration of the city centre markets offer and options for its development, and use of its assets will form part of the Property Section of the plan.

6.0 OPTIONS

- 6.1 Since the concept of redeveloping Broadway with a new shopping centre the Council has recognised the need to maintain a strong and cohesive city centre through promoting a commercially strong, diverse and attractive offer at the northern part of the city in order to encourage pedestrian movements through the city centre from the Westfield development to the independent retailers in and around the Oastler Shopping Centre.
- 6.2 Customer footfall, and ultimately shopping habits, following the construction of the Westfield Shopping Centre may likely change and concentrate in the core shopping areas focussing in the retail areas between the Westfield Development and the Kirkgate Centre.
- 6.3 The future direction of Bradford City Centre and its Markets suggests that it is unlikely to be able to sustain two separate Market Halls and therefore the solution is to develop the Oastler Shopping Centre or Kirkgate Market as the City's single market venue, or relocate both markets to a new venue.
- 6.4 Whilst it is acknowledged that the retail offer within the Westfield Scheme will be different from the Markets offer it is important that the markets continue to attract new customers as well as maintaining its existing customer base. It is these new customers that may chose to shop in the Westfield Centre rather than choosing to walk through the city centre to the markets area.
- 6.5 There are three possible scenarios:
1. Development of the Oastler Shopping Centre as the single market venue
 2. Development of Kirkgate Market as the single market venue
 3. Relocation of both city centre markets to a new location.

7.0 OPTION 1 - OASTLER SHOPPING CENTRE AS A SINGLE MARKET VENUE

- 7.1 A single city centre market offer could be based around an enlarged and modernised Oastler Shopping Centre. The Markets Area Framework identified the area to the rear of the Oastler Shopping Centre as a possible retail development opportunity which could provide a strong anchor to the northern part of the city centre and help maintain footfall that could otherwise be lost to the Westfield Shopping Centre.
- 7.2 However, if this option was the selected then the Council will need to vacate the Kirkgate Market site. The Council occupies the Kirkgate Market on an under lease from the Head Landlord on a peppercorn rent for a term of 125 years from 1st January 1976. There is no tenant break clause to terminate and therefore the strategy to consolidate the market offer around an enlarged Oastler Centre could not be achieved without approval from the Head Landlord - this approval may be subject to payment of financial compensation to the Head Landlord.
- 7.3 Before taking this option, the Council would need to consider the commercial and financial impact on the existing market tenants, determine which traders would wish to relocate from Kirkgate Market, those traders who would wish to retire and pursue

statutory compensation, and those traders who would decline both of the above option, and would have to be served with statutory notice to quit.

7.4 The creation of an enlarged Oastler Centre would enable the Council to create an International Market style venue with an international concept for this area of the city centre.

7.5 It is more likely that the Council will have to fund the cost for vacating the Market, or even have to pay a surrender sum to the Head Landlord to determine our lease should they consent to allow the Council to surrender its lease.

8.0 OPTION 2 - KIRKGATE MARKET AS A SINGLE MARKET VENUE

8.1 A single city centre market offer based around an enlarged and modernised Kirkgate Market could be achieved by taking advantage of the ceiling height that could enable mezzanine trading to take place.

8.2 The advantages in developing the single markets offer in the Kirkgate Centre rather than the Oastler Centre is this will place the markets more centrally within the city centre and may minimise the effects of the likely loss in footfall as and when the Westfield Scheme commences trading.

8.3 An extensive modernisation of the market would be required to change the current commodity mix by concentrating on the fresh food offer as well as introducing added value such as an international hot food court at a new mezzanine level within the Market.

8.4 Although the Council owns the freehold of the Oastler Shopping Centre site, this option would require an exit strategy for the internal market and an end user for the building. The external shops that front onto John Street, Northgate, Rawson Road, Morrisons and the Westgate Multi storey Car Park would be unaffected.

8.5 As with option 1 above (para 7), the Council would need to consider the commercial and financial impact on the existing market tenants, determine which traders would wish to relocate from the Oastler Shopping Centre; which traders that would wish to retire and pursue statutory compensation; and those traders who would decline both of the above options and would have to be served with statutory notice to quit.

9.0 OPTION 3 - RELOCATION TO A NEW SINGLE SITE IN THE CITY CENTRE

9.1 This option would require the construction of a new modern retail market but would have the advantage of being able to be built on a vacant site or vacant building without the restrictions of carry our major refurbishment, and potentially disruptive works, to a working market to create a single market offer.

9.2 This option would also enable the creation of an entirely new market offer, creating opportunities to improve merchandising, display and grouping products together in internal zones would make the shopping experience by customers a positive one. A new site would assist the letting policy and trader selection and avoid complaints from existing traders if and when other traders selling similar products from either

Kirkgate Market or the Oastler Shopping Centre were introduced into their respective venue.

- 9.3 However, any new location could only be achievable if an end user for both the Kirkgate Market and Oastler Shopping Centre can be found. A desired location would be a central one located between the Westfield Development and the Kirkgate Centre.
- 9.4 This option will require further detailed work, not only in terms of securing alternative accommodation but also securing substantial funding for such a development.
- 9.5 The options and actions on how the Markets Service would create a new market offer in the city centre will form the basis of a further detailed work

10.0 FINANCIAL AND RESOURCE APPRAISAL

- 10.1 At this stage it is not possible to quantify the likely costs to the Council of pursuing the three options detailed above. The options and actions on how the Markets Service would consolidate the two city centre markets at one single location will form the basis of further detailed work arising from the City Plan.
- 10.2 This detailed work, although not exhaustive, will include:
- The timing, form and costs of the a single market development
 - Legal appraisal covering the Council's lease agreement at Kirkgate Market and our legal agreements with each of our tenants.
 - The number of existing tenants that would wish to take statutory compensation and vacate Kirkgate Market
 - The timing and vacation of stalls by tenants
 - The costs of statutory compensation
 - Availability of vacant stalls at both Oastler Shopping Centre and Kirkgate Market
 - Identifying which tenants would wish to relocate and those tenants that may wish to take voluntary compensation, including those that may wish to vacate to provide accommodation for those traders wishing to relocate their business.
 - Phasing of the redevelopment works to either Market venue to enable the remodelling works to be carried out to accommodate new stalls, floor, entrances etc.
 - Costs of any rent free periods, discounted or loss of rental income, fitting out costs and relocation costs.

11.0 THE NEXT STEPS

- 11.1 The timetable for the regeneration of the markets in the city centre is linked to both the city centre delivery plan (City Plan) and the recent announcement by Westfield to develop their site which is scheduled to start in 2013 and be completed in 2015.
- 11.2 Therefore, there is a need to agree a position via the city plan by the end of 2013 to ensure a commercially strong retail offer at the northern part of the city centre is maintained in order to encourage pedestrian movement through the city centre from the Broadway development.

- 11.3 In order to achieve the consolidation of both city centre markets consideration will be needed for timing and phasing of the development and an exit strategy for either or both markets.
- 11.4 This will require detailed design and development appraisals to be completed which will identify the scale and costs of the redevelopment works required.
- 11.5 In addition, a full consultation and engagement exercise obtaining the views of all tenants to understand their opinions alongside those of Market customers and other stakeholders.

12.0 LEGAL APPRAISAL

- 12.1 There are a number of issues that will require legal assistance to resolve depending on which option set out in paragraphs 7, 8 & 9 are pursued. Officers in legal services will provide advice on the legal implications and assist in identifying the appropriate actions needed to address these issues. In particular there are some potential legal and financial risks that will need to be understood before final decisions are taken on the options.

13.0 CONTRIBUTION TO STRATEGIC PRIORITIES

This report will support the theme of Prosperity & Regeneration in the Council's Big Plan.

14.0 RECOMMENDATIONS

- 14.1 Members are asked to note this report and to recommend a report detailing the regeneration proposals for the City Markets to be brought back to this committee in 12 months time following the completion of the City Plan in the Autumn

15.0 APPENDICES

- 15.1 Appendix 1 - Background information on the Oastler Shopping Centre and Kirkgate Market.
- 15.2 Appendix 2 – Plan showing location of both city centre Markets

16.0. BACKGROUND DOCUMENTS.

None

APPENDIX 1 - BACKGROUND

OASTLER SHOPPING CENTRE

In 1989, as a result of serious Health & Safety concerns and inadequate trading facilities in the Rawson Market, it was considered necessary to carry out major redevelopment works. A temporary market was built and tenants relocated and in 1997, the old Rawson Market was demolished. However, due to major capital receipt shortfalls there were insufficient capital resources to rebuild Rawson Market and therefore it was decided to refurbish the under-occupied John Street Market and to relocate those tenants occupying the Rawson Temporary Market and the Fish Market.

The refurbishment work to the John Street Market, which was later renamed as the Oastler Shopping Centre, commenced in April 2001 and was completed in June 2002 at a cost of £4 million.

The Oastler Shopping Centre comprises the following sections

- 176 stalls comprising of retail sales area of 25,538 sq ft
- 23 external shops
- 27 storerooms
- Management/ Staff Offices
- Service Delivery area
- Public toilets

The product offer differs from Kirkgate Market as it has a strong fresh food offer as well as having a retail anchor in Morrisons.

The Council owns the freehold of the site as well as being Landlord to the various tenants that occupy the internal units on individual periodic tenancy agreements. In addition, the Council, through its Asset Management Department, also lets the exterior shops on leases of up to 10 years.

KIRKGATE MARKET

Kirkgate Market was built in 1974 and is one of the key anchor tenants of the Kirkgate Shopping Centre.

Kirkgate Market comprises the following sections;

- 184 stalls comprising of retail sales area of 18,872 sq ft
- 44 basement and 1st floor storage rooms
- Management/ Staff Offices
- Underground unloading area
- Ground floor public toilets and 1st floor trader toilets

The retail sales offer is mainly comparison goods. These goods are typically unbranded clothing and household wares. This commodity group has been hit hardest by the likes of Primark, Poundland, Wilkinsons and other discount outlets in the City Centre. The Market is also well known for its café offer with 4 large cafés.

Whilst small scale routine maintenance has been carried out by the Council, there has been no planned improvement programmes to maintain/enhance the physical environment resulting the need for major refurbishment work to modernise the market offer.

In 2003, the Markets Service commissioned a detailed building survey/architects feasibility study to examine the building condition and to recommend to the Council the extent of the essential and enhancement works needed to upgrade the Market and bring the building up to a modern retailing environment. The costs were estimated at £985,000.

A further feasibility study was carried out in 2011, to address the decline in footfall and increase in stall vacancies. This study considered ways of revitalising the Market by providing a new internal international hot food court and modernising the internal space with new stalls and temporary exhibition and function space.