

Report of the Strategic Director of Place to the meeting of Executive to be held on 6th July 2021

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Subject:

Exploring the proposed relocation of St James's Wholesale Market

Summary statement:

To seek approval for the proposed relocation of St James's Wholesale Market to facilitate the delivery of a new city centre Northern Powerhouse Rail (NPR) station and to enable the market to expand to become a nationally significant wholesale market.

EQUALITY & DIVERSITY:

Over half the tenants at St James's Wholesale Market are of South Asian ethnic origin and/or sell specialist Asian fruit and vegetables. Given the ethnic diversity of Bradford and surrounding area the wholesale market provides opportunities for retailers to purchase these specialist goods for sale to the general public as supermarkets, in general, do not carry the range of products needed to fully service the local population.

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Portfolio:

**REGENERATION, PLANNING AND
TRANSPORT**

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Overview & Scrutiny Area:

REGENERATION AND ENVIRONMENT

1. SUMMARY

- 1.1 This report is seeking Executive's approval to the principle of relocating St James's Wholesale Market to facilitate the delivery of a new city centre Northern Powerhouse Rail (NPR) station and to undertake a site appraisal and other studies (including a feasibility study) to determine the most appropriate site for an expanded wholesale market.

2. PROJECT BACKGROUND

- 2.1 As Part of the Phase 1 master planning work funded by Government through the West Yorkshire devolution deal, work was commissioned by the Council to demonstrate the economic regeneration opportunities of a station in the Southern Gateway area of the city centre.
- 2.2 The work considered three different station options and the outcome of this process was that the St James's Wholesale Market site was selected as the preferred option for a proposed Bradford NPR station.
- 2.3 The current wholesale market is at the heart of the Southern Gateway and its proposed relocation will be key to not only enabling NPR as it is under Council ownership, but also providing an opportunity for the new modern market in a more convenient location to serve not only Bradford and the city region, but the whole of the north of England and southern Scotland and increase the importance of food supply and manufacture across this area of the UK.
- 2.4 Bradford's strategic location, ideally placed on an East West (M62, A68, A69) North South (M6, A74M, A1, M1) major arterial road network allows access to the North and Centre of England plus the South of Scotland in one driver trip.
- 2.5 The Council has appointed the Fresh Produce Consortium (FPC) who are the UK's fresh produce trade association and widely recognised as the voice of the UK's fruit, vegetable and flower industry to provide initial advice on the current market to identify future opportunities. This will help to inform the site selection process, concept designs and operating model.
- 2.6 FPC have advised that a new site of between 16 to 18 acres would enable the market to meet future potential demand and develop into a regional food hub offering warehousing, cold storage, logistics management and an added value centre supporting packing, ripening and order preparation suitable for subscription "Box Schemes", restaurants and food service customers.

3. MARKET BACKGROUND

- 3.1 Bradford has a long tradition of wholesale markets dating back nearly 150 years when the original St James's Wholesale Fruit & Vegetable Market opened on 13 July 1874 on a site close to the current market site.
- 3.2 The Wholesale Market was extended in 1922 and 1923 and continued trading until the 1960's when the large increase in motorised transport, particularly articulated lorries for bulk deliveries to the market, meant that congestion was a major problem.

- 3.3 The current site was purchased from British Railways and the new St James's Wholesale Market opened for trading on 19th January 1976. Whilst modern in its time the development followed a traditional model of individual units located in a single large trading hall where wholesalers sold bulk products to retailers that arrive to market by vehicle.
- 3.4 The current market is located on an eight-acre site off the A650 Wakefield Road on the edge of Bradford city centre.
- 3.5 The market supports 32 small and medium sized businesses generating around £50m turnover per annum securing employment for over 400 local people and serving a logistics fleet of over 500 vehicle movements per day, principally carbon fuelled and operating extensively within the Bradford district and neighbouring towns and cities.
- 3.6 The type of customers that use the market range from hotels, restaurants, catering supplies and independent supermarkets to café/take-aways, local shops and market stalls.
- 3.7 The Market is fully occupied and has an extremely low turnover of tenants, therefore, delivering minimal opportunities for new business to become established on the market. One major tenant now uses off-site cold storage to support their business as the required facility or space is not available on site.
- 3.8 Given that the ground area is now landlocked and further expansion on the same site and in the same format is not feasible; a new site must be secured.

4. CHANGING FOOD TRENDS AND INTERESTS

- 4.1 During the life of the present St James's Wholesale Market, multiple retailing has been totally transformational to the food retail market accounting for almost 80% of the £120bn annual UK grocery market.
- 4.2 The pandemic, that is COVID-19, has and will accelerate the next phase of change. Change that has only been possible through the use of modern communication and connectivity technology, primarily the internet, not yet in existence when St James's Wholesale Market was built in its current form during the 1970s.
- 4.3 The drive for "virtual" and immediate service has led to a new level of consumer promiscuity when considering their shopping needs. Retailer loyalty of the past is now a thing of the past.
- 4.4 It is now clear that future consumers are happy to use multiple channels to fulfil their shopping needs and a growing part of this shop will be committed online. The online offer in fresh foods is a real testament to the confidence shoppers now have in a 3rd party selecting their food products.
- 4.5 The consumer drive for "immediacy" has also opened new delivery methods, unheard of even three years ago. This change could provide the wholesale entrepreneur with the ability to serve the consumer in direct competition to the major retailers in a way which would have been unimaginable even five years ago.

- 4.6 Recreation and social interaction now play an important part in the way we allocate our time. Effectively we are becoming “time poor” when we look at how we allocate our time to cooking. Being “time poor” we are also becoming less imaginative in the meals we prepare with many families saying they only have a repertoire of three recipes that they will serve their families on a weekly basis.
- 4.7 This opportunity has been seized by a new sector in the market, the subscription-based meal solutions. This service delivers ingredients, imagination and a cooking experience in a box, freeing up time for the consumer by delivering directly to the consumer’s door and also results in minimal food waste.
- 4.8 The acceptance by the consumer of new subscription formats (including meal solution boxes) provides the wholesale sector with an opportunity to capture the “local for local” inspired trade with local growers and suppliers, providing service excellence for the local population.
- 4.9 Given the ethnic diversity of Bradford and surrounding area this opportunity is even more prevalent as mainstream supermarkets do not generally carry the range of products needed to fully service the requirements of the District’s diverse local population.
- 4.10 Consumers have also become more aware of their food choices with a move towards life-style choices such as flexitarian and vegetarianism and also in some cases vegan diets or lifestyles. In nearly all cases there is a growing recognition that fruit and vegetables and plant based replacement foods play an important part in bringing a healthy diet to the table.

5. OPPORTUNITIES FOR BRADFORD TO EXCEL IN THE EMERGING FOOD DISTRIBUTION SECTOR

- 5.1 Bradford is now presented with an opportunity to excel in the food distribution sector, and to provide at least a 25% increase in additional trading space to current traders and related support services. This does not take into consideration opportunities from the provision of a more diverse product mix, built around fresh foods (fresh produce, meat, fish, spices, prepared foods and artisanal bakeries, both European and Asian) and flowers.
- 5.2 Establishing a modern “fit for the future” wholesale market would provide a significant revenue opportunity for the Council, especially as the current market is full, oversubscribed, with a list of traders looking to establish business on the market.
- 5.3 To transform St James’s Wholesale Market from a traditional model of a wholesale market to a regional food destination centre supporting and accessing the independent retail, catering and food service sectors will require an expanded site with fully modernised infrastructure close to major transport links.
- 5.4 A move from the current 8-acre site to a well located modern and dynamic site, potentially doubled in size (16-18 acres), would ensure the best possible outcome for the fresh food trade in Bradford and the surrounding areas.

5.5 The position of Bradford in relation to the major Northern Seaports at Harwich, Immingham, Hull, Teesside and Liverpool and Northern Airports at Doncaster, Humberside, East Midlands, Birmingham, Teesside, Newcastle and Liverpool could provide a significant benefit as a multimodal supply node.

6 THE DEVELOPMENT OF A REGIONAL FOOD HUB

6.1 Given the significant change experienced and anticipated in changing food trends there is an opportunity for the Council to create a redeveloped wholesale fruit and vegetable market to grow beyond its current status and create a commercial Regional Food Hub (RFH). This would encompass a much larger range of fresh food from fresh and processed foods to meat, fish, bakery and flowers, as well as providing a broader service structure to support the businesses and tenants located within.

6.2 The RFH will be designed to meet the future needs of the independent retail sector, the catering, restaurant and vibrant “Street Food” culture that has developed strongly in Bradford.

6.3 The development will be designed to be a “Destination” Food centre with a commercial reach from the middle of England to the south of Scotland. It will meet the needs of a post Brexit Britain with a capability to capture the emerging opportunities because of Brexit legislative changes already in progress.

6.4 The key features of a RFH could include:

- **Wholesale Tenants** - The traditional model to rent space to local entrepreneurs allowing them to market their produce will be the core offer of the RFH. An expanded site will offer an opportunity to grow the tenant base from the current 32 to an estimated 65, over a broader fresh food mix.
- **Common Service Centre** - This would be at the heart of the RFH and will make up the largest part of the footprint of the new development. This will include ambient, cold and frozen storage, forklift servicing and charging and waste disposal.
- **Added Value Centre** – This would be located within the Common Service Centre and would comprise of a grading, sorting, processing, ripening and packing centre. Having the opportunity to “break-bulk” and pack smaller volumes will deliver a greater accessibility for the restaurant and street food sector.
- **Business and Innovation Centre** - Skills development and tenant support will be considered as part of the site expansion. New businesses will be able to meet and learn from well-established successful entrepreneurs, academics as well as vocational learning and apprenticeship opportunities.
- **Business Development Manager** - The site will be supported by a dedicated business development manager providing further tenant value. This would provide a service that would work to ensure the activities of the site e.g. Business and Innovation Centre, are recognised and give all of the tenants every opportunity for success
- **Border Control Point** - The development could have the capability to operate as a Border Control Point (“BCP”) to provide import and export support to Northern Ireland and Mainland Europe. The RFH will be ideally positioned to

help relieve congestion in the Southeast corner of England, (the traditional import route into the UK), by securing a Northern, Bonded, BCP.

- **Wider and more varied activities** - Market food experience box that can compete with supermarkets or other current market leaders, vertical urban farm, ripening centre, food packing, vacuum defrosting for the meat and fish sectors.

6.5 The businesses to be considered in the RFH as tenants will need to embrace and reflect:

- The changing nature of the modern consumer.
- Opportunities driven through the use of modern, established and emerging technology and business practices; ones that take forward a safe, circular economy and ensure inclusive, value added employment and career prospects for employees, contractors and supply chains.
- The need to consider social, sustainability and environmental challenges being faced by the government and society pressures and needs.
- The development of the site and business model is designed to operate a streamlined supply chain and lean operating model, taking into consideration challenges and opportunities resulting from the UK's withdrawal from the EU.

7 ALTERNATIVE SITE APPRAISAL

7.1 Given the requirement for a new site of between 16 to 18 acres to enable the market to meet future potential demand and develop into a regional food hub, an appraisal of land available in either Council or private ownership will need to be undertaken by officers from Estates and Property in order to identify the most appropriate site.

8. STAKEHOLDER COMMUNICATION

8.1 To ensure the success of this project and its transition to a new operating model the Council will need to bring its loyal tenant base along on the journey. Tenant management will play a key part in the success of a move away from the traditional to a flexible and innovative format more in keeping with the developing trends.

8.2 Selling the vision, establishing a growth and technological mind-set, bringing on the next generation, without losing the established forward-thinking tenants that already occupy the market will be core to growth and expansion.

8.3 Initial discussions have been held with the Tenants' Association who were positive about the opportunity to develop a new enlarged modern wholesale market in the Bradford district that will strengthen local and regional food distribution.

8.4 The Tenants' Association have been advised that the Council will fully engage with them and the tenants throughout the process in the market design, operating model and any indicative layouts etc. The market is home to multiple small and medium sized businesses and as part of the appraisal process we will be establishing tenant consultation events in order to understand their individual operational needs.

9. OPTIONS

- 9.1 The option for the market to remain on its current site (a 'do nothing' option) is not an option as Northern Powerhouse Rail is a crucial project for Bradford being the largest UK city not to have a rail through route.
- 9.2 Connecting Bradford City Centre to NPR will deepen economic integration across the north and transform connectivity between Leeds and Bradford, two of the largest and fastest growing cities in the UK.
- 9.3 Placing Bradford on a mainline NPR route between Leeds and Manchester, with a through station, has long been regarded by the Council and partners to be key to the wider regeneration of the city and district. It would slash journey times to 10 minutes to Leeds and 20 minutes to Manchester, connecting businesses and workforces to existing, new and emerging markets across the North and beyond.
- 9.4 Furthermore, it would connect the district's young and entrepreneurial population to the Northern labour market as well as attracting investment and creating jobs in the district. It would also support the district's aspiration for clean, sustainable and inclusive growth and its ambition to be the UK City of Culture 2025.
- 9.5 Northern Powerhouse Rail provides Bradford with a once in a lifetime opportunity to improve its rail connectivity and allow the city to operate at its full potential, contributing to economic growth across the north of England and supporting the Government's objectives to reposition the UK economy away from London and the south east.
- 9.6 The market is at full capacity and at a time of economic recovery has no ability to grow to meet current and future demand. Relocating to a new site will enable the market to offer a much larger range of goods and expand to create a RFH that can meet anticipated food trends and develop into a new food destination centre of regional and national significance.

10. PROCUREMENT STRATEGY

- 10.1 An initial desk top exercise estimated the construction costs, excluding any purchase of land and/or any land remedial/clearance costs, to be in the region of £30 million. Design and management fees would typically add a further £3m or 10% to the construction costs.
- 10.2 This estimate is based on the costs of the only major redevelopment of a wholesale market in the UK in the last 20 years that took place in Birmingham in 2018, which relocated from its city centre location to a new 19-acre site around six miles away.
- 10.3 In order to accelerate delivery of NPR it will be necessary to procure a contractor to lead both design and construction of the new wholesale market on the basis of, at this stage a high level strategic brief only which obviously means that design, total contract price or programme certainty will only be known at a later stage, after the selection of the contractor.
- 10.4 To support the delivery of these timelines 'traditional' client led, sequential approaches to design and construction contract procurement will not be suitable.

10.5 As such selection of a contractor will by necessity have to be made against a reduced set of parameters, of most likely limited pricing information (overheads and profit; to which construction costs and preliminaries would be added as the design is developed), and responses to method statement questions covering project delivery, risk and how the contract could deliver wider social value benefits for the Bradford District.

11. OTHER CONSIDERATIONS

11.1 The initial feasibility study as described in paragraph 12.2 will provide a specified project brief that will be sufficiently well defined to enable the Council to progress to the second stage including undertaking a competitive procurement process to progress to detailed designs, appointment of contractor and award of a construction contract.

11.2 At the end of the feasibility stage, and prior to the Council undertaking a competitive procurement process, it will be necessary due to the anticipated value of the contract being more than £2m to report the procurement strategy to the relevant Overview and Scrutiny Committee.

11.3 This report has not been included on the published Forward Plan as an issue for consideration, owing to the need to report to Executive that in order to prepare for a Northern Powerhouse Railway Station in Bradford, a site for its location has to be identified, which if successful brings significant regeneration opportunities to Bradford. It is impractical to defer the decision until it has been included in the published Forward Plan. The report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council's Constitution.

12. FINANCIAL & RESOURCE APPRAISAL

12.1 It is not possible to provide a fully developed financial appraisal until the project is further developed.

12.2 To determine the total project cost and therefore the financial viability of the project, a feasibility study is required. The feasibility would include detailed site investigation, development of the specification for the new market, preliminary designs, cost estimates and delivery programme.

12.3 The estimated cost of undertaking a feasibility study is £250,000 and would be funded from the corporate project feasibility fund, with potential for costs to subsequently be charged against other identified funding streams or be capitalised when the scheme commences.

13. RISK MANAGEMENT AND GOVERNANCE ISSUES

13.1 It is proposed to set up a governance board chaired by the Strategic Director for Place to take a strategic and operational overview of this development scheme. Members of this group will include the Assistant Director for Estates and Property, Assistant Director, Economy and Development and Assistant Director, Planning, Transportation & Highways.

- 13.2 The board will focus on deliverability, building designs, procurement, construction, finance and legal matters
- 13.3 Before the council legally commits to the development of the scheme the Strategic Director of Place will provide a further report to PAG (Project Appraisal Group) including a full review of the cost modelling once the design work has been completed and cost estimates have been received for approval and authority to proceed.

14. LEGAL APPRAISAL

- 14.1 Tenants at St James's Wholesale Market occupy their units on 6 year leases protected by the Landlord and Tenant Act 1954 ("the 1954 Act") which will expire on 31st March 2023.
- 14.2 This means that, even though the fixed term of the lease may have ended each tenant has the right to remain in occupation at the end of the contractual term of a lease.
- 14.3 These leases may not be brought to an end except by agreement, whereby the tenant surrenders the lease, or in accordance with the provisions of the Act. A notice to end a business tenancy must specify that the landlord is not prepared to grant a new lease and in such case the landlord must prove one of the statutory grounds set out in the Act. The grounds which may be available to the Council in relation to St James' Wholesale Markets are offer of suitable alternative accommodation to the tenant or demolition of the site.
- 14.4 Any construction activity required for the implementation of these proposals must be undertaken in accordance with the Council's Contract Standing Orders and in line with internal governance requirements.
- 14.5 As part of the feasibility study it will be necessary to obtain the views of Legal Services in regard to obtaining vacant possession of the St James's Wholesale Market site to enable the delivery of a new city centre Northern Powerhouse Rail (NPR) station.

15. OTHER IMPLICATIONS

15.1 SUSTAINABILITY IMPLICATIONS

- 15.1.1 Bradford Council is committed to the long-term prosperity, wellbeing and resilience of our communities, economy and District. The Council Plan 2021-25 sets this out including a Sustainable District outcome. The Council with its partners are working on the District Plan and taking the necessary steps to move beyond the Covid-19 crisis, create a robust economic recovery and accelerate the sustainable growth ambitions for one of the youngest Districts in the UK. The approach will respond proactively to the climate and environmental emergency and will integrate social, economic, cultural and environmental challenges, opportunities and investment to support the District as the UK's leading clean growth city district.
- 15.1.2 A detailed specification will be prepared for the design and construction of the new regional food hub that will place sustainability

at the heart of the scheme design for buildings and operations, business practices and connections across and beyond the District so that sustainability implications and environmental challenges are considered from the very earliest stages of the project scoping, development, whole life investment planning. Critical to Bradford's approach is the social and economic challenges – from employment, skills, addressing poverty, health and more. This builds on our Commissioning and Procurement strategy and Social Value policy to shape this as a flagship investment for the c21st.

- 15.1.3 The council declared a climate emergency in 2019, and signed up to the City Region net zero carbon by 2038 target. The scheme will need to effectively eliminate fossil fuel use, manage Greenhouse gases and other emissions, waste and resources to contribute, alongside other outcomes and benefits, to sustainable development. The design will be for whole life and whole system performance, minimising building operating costs and overheads which in turn will result in affordable business models and service charges to tenants as partners in this exciting next phase for the food system of the North of England.
- 15.1.4 A 'fabric first' approach to building design that involves maximising the performance of the materials that make up the building fabric itself before considering the use of mechanical or electrical building services will ensure a highly sustainable envelope that supports the Council's carbon reduction requirements and pathway to net zero.

15.2 GREENHOUSE GAS EMISSIONS IMPACTS

- 15.2.1 In moving from the current location and operations, there is a clear opportunity to eliminate fossil fuel use, effectively manage emissions, waste and all resource flows as an exemplar of clean growth and a safe, circular and inclusive commercial facility. Given the current stage of planning for this regional hub, it is expected that critical design considerations and analysis will be brought forward in the next and subsequent phases of the scheme. The Hub has to consider emissions that are directly related to the buildings and facilities, its operations and impacts through the supply chains and movement of food products and related services and materials.
- 15.2.2 Critically, transportation design and emissions are central to this and a wide range of low-emission vehicles – electric, bio-methane, hydrogen as well as other types - will be expected to be accessing and using the site as a logistics hub for its total catchment. As such, the reach, influence and potential impact of this is truly regional and global as well as creating a critical asset for Bradford District.
- 15.2.3 The food system and food waste is also a critical challenge – for emissions reduction and wider sustainability issues. This scheme and site, although indirectly involved in food production and processing, can play its part in the fundamental changes now affecting the industry, citizens and communities.

15.3 COMMUNITY SAFETY IMPLICATIONS

15.3.1 None.

15.4 HUMAN RIGHTS ACT

15.4.1 None.

15.5 TRADE UNION

15.5.1 None.

15.6 WARD IMPLICATIONS

15.6.1 None.

15.7 IMPLICATIONS FOR CORPORATE PARENTING

15.7.1 None.

15.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

15.8.1 None.

16. RECOMMENDATIONS

- 16.1 The Executive is asked to approve the relocation of St James's Wholesale Market and to expand into a regional food hub.
- 16.2 The Executive is asked to approve the undertaking of a site appraisal and other studies (including a feasibility study) to determine the most appropriate option. The £250,000 cost would be funded from the corporate project feasibility reserve initially, with potential for those costs to be subsequently capitalised.
- 16.3 The Executive is asked to delegate authority to the Strategic Directors of Place and Corporate Resources in consultation with the Leader and Executive Member for Regeneration, Planning & Transport to agree the selected site and to advance the project including seeking approval of the capital resources required to deliver the scheme.

17. APPENDICES

17.1 None

18. BACKGROUND DOCUMENTS

18.1 None