



Derby City Council

**COUNCIL CABINET**  
**10 June 2015**

# ITEM 12

Report of the Cabinet Member for Communities  
and City Centre Regeneration

## Strategic Options for Derby's City-Centre Markets

### SUMMARY

- 1.1 The regeneration of the Market Hall and the Eagle Centre Market will be vital to the successful implementation of the draft City Centre Masterplan 2030 and the report considers the strategic options available for both markets.
- 1.2 Professional advisers (led by Colliers International) were commissioned by the council to analyse the various options available. Their report concluded that, subject to funding and key stakeholder engagement and support, there were good prospects for revitalising both premises.
- 1.3 In that context, it is proposed that they should both be retained, with the Market Hall undergoing a major restoration, subject to HLF funding, whilst the Eagle Centre Market would be upgraded physically and operationally.
- 1.4 Substantial capital investment, estimated at more than £7 million, will be required to restore and upgrade the Market Hall. It is proposed that an application be made for grant funding under the Heritage Lottery Fund (HLF) scheme.
- 1.5 To ensure momentum is maintained whilst the longer term strategy and implementation are finalised and stakeholder discussions and consultation is progressed, it is proposed that officers continue to work with Colliers. This will include setting in place various short term initiatives aimed at supporting both markets through the forthcoming period of change.

### RECOMMENDATIONS

- 2.1 To note the recommendations of the Colliers Strategic Options Analysis report.
- 2.2 To authorise officers to develop appropriate proposals for both markets in the context of the draft City Centre Masterplan and the recommendations of the Strategic Options Analysis report, including proposals for the major restoration of the Market Hall.
- 2.3 To authorise officers to enter into appropriate discussions and consultation with stakeholders regarding the upgrading and future operation of the Eagle Centre Market.

- 2.4 To continue with the existing contract with Colliers and their team of professional advisers, as appropriate to the required expertise and experience, to compile a detailed business plan and implement various short term initiatives to support both markets in the short term.
- 2.5 To approve the preparation of an initial bid for Heritage Lottery funding, in relation to the restoration and regeneration of the Market Hall, and explore the options available for sourcing the required match funding.
- 2.6 To delegate authority to the Acting Strategic Director of Neighbourhoods, in consultation with the Cabinet Member for Communities and City Centre Regeneration, to allocate funding from within the Property Rationalisation Reserve to progress further commissions and develop this project.

<b>REASONS FOR RECOMMENDATION</b>
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- 3.1 In order to fulfil the council's key ambition to re-invent the Market Place and its immediate environs as the heart of the city centre (as outlined in the draft City Centre Masterplan 2030), there will have to be substantial changes made to both markets in the relatively near future. It is important to recognise that both premises need to provide a modern and competitive destination offer in order to be successful and sustainable going forward and that this may require substantial financial investment.
- 3.2 The advice received from Colliers is that both premises can be sustainably revitalised but there is a need to make decisions about their future quickly and in the context of the City Centre Masterplan. Ongoing uncertainty is currently hastening the decline of both markets in their current mode of operation. The status quo is therefore not sustainable.
- 3.3 Implementation of a variety of short term measures should help reduce these trends in the short term and stimulate increased footfall.



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### **Report of the Acting Strategic Director of Neighbourhoods**

#### **SUPPORTING INFORMATION**

- 4.1 Last autumn, officers commissioned a report from property advisers, Colliers International, to provide an independent assessment of the strategic options available to the council for the two indoor city-centre markets. Colliers assembled a team of professionals comprising WMC Retail (a leading markets operator), Buttress (architects), Appleyard and Trew (cost consultants) and Spirul (market researchers) to inform the process and their final report was published in April 2015. A full copy of the report is available on CMIS (Appendix 2)
- 4.2 The report reviewed current issues and the competitiveness of the markets, their management and included: SWOT analyses, option appraisals, short term plans for how the performance of the markets could be improved and indicative business plans for the medium term. It considered a range of options and concluded that both premises should be individually refreshed to present individual and distinctive destination offers for visitors, operated by separate management teams. Meetings with stakeholders, following publication of the first draft of the consultants' report, indicated strong support for these proposals.
- 4.3 In broad summary Collier's report recommended the following options should be progressed in the medium to long term:

#### **Market Hall**

- Major restoration of the Market Hall building as a flagship project in revitalising the city centre.
- On completion, the premises to be positioned in a more 'upmarket' retail sector with a greater emphasis on provision of on-site eating and drinking, including a high quality restaurants: key features of most successful, modernised market premises
- The council should seek Heritage Lottery and other regeneration funding on the basis that the project would make a substantive difference to the performance of the city centre and its effectiveness in attracting visitors

#### **Eagle Centre Market**

- The council should enter into discussions with INTU with a view to considering how both parties could work together to redevelop, revitalise and manage the Eagle Centre Market.

- 4.4 Collier's report recommended indicative restoration works for the Market Hall included, amongst other things:
- replacing the existing stalls with a new layout
  - extensive repairs or replacement of the roof coverings and roof glazing
  - installing under-floor heating
  - redesigning the perimeter units to make them more attractive e.g. using glazed frontages
  - creating a substantial section for food outlets where visitors can either purchase food for use at home or for eating on the premises
  - a new restaurant to replace the current storage area and Store 5 with seating also on the balcony
  - creating a central open space that can accommodate a variety of events at different times of the day. These could range from specialist markets (antiques fairs etc) to music and drama etc.
  - exploring the potential to enhance Osnabruck Square by, for example, installing an extensive al fresco seating area to provide a continental ambience

The estimated capital cost of repairing and upgrading the building along these lines is £7-8 million

- 4.5 The findings of the report support the council's key ambitions, as set out in the draft City Centre Masterplan 2030, to re-invent the Market Place and its immediate environs as the heart of the city centre. The revitalisation of both premises should therefore be considered as 'signature' projects for city centre regeneration. It is however acknowledged that further detailed work is required, in relation to developing a future strategy for both premises. Cabinet are asked to approve that further work is commissioned from Colliers, in line with the currently procured contract arrangement and to commission work to progress a bid for Heritage Lottery funding.
- 4.6 In order to support the market operations in the short term Cabinet are asked to approve the development of a short-term strategy,, in line with other recommendations within the Colliers report, It is proposed that this short-term strategy, initially for the next 12 months, be implemented to support the markets and market traders. Further input from Colliers may be required and it will include such issues as:
- completion of the Markets Section staff restructure
  - implementing a service level agreement for minor repairs to stalls estimated to cost £100k
  - improved funding for essential repairs to the buildings whilst the longer term restoration is developed
  - a programme of cleaning, decorating vacant stalls to ensure they are fit for use by new traders
  - a rent and service charge review
  - developing a suite of agreements offering different terms for leasing stalls
  - developing and implementing a new trader incentive strategy
  - developing a commercialisation strategy

## OTHER OPTIONS CONSIDERED

- 5.1 The various options for both markets are considered in detail in the consultant's report (see Appendix 2). Either closing the markets or 'doing nothing' (other than to maintain them as existing) would undermine the key aims of the draft City Centre Masterplan 2030 and are therefore not considered viable options. 'Doing nothing' is not financially or operationally sustainable since both markets would most likely continue to decline.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director</b> <b>Other(s)</b>	Olu Idowu Amanda Fletcher  Alistair Burg/Philip Derbyshire John Tomlinson
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Julian de Mowbray (01332 641972; <a href="mailto:julian.demowbray@derby.gov.uk">julian.demowbray@derby.gov.uk</a> ) None Appendix 1: Implications Appendix 2 : Copy of Colliers' report

## Appendix 1

### IMPLICATIONS

#### Financial and Value for Money

- 1.1 The total financial implications resulting from this report and the funding of them are as yet unknown but they will include the additional costs of extending the Colliers contract.
- 1.2 As outlined in the report, the consultants have provided an indicative total capital cost for the Market Hall scheme as outlined above, of £7-8 million. This is set against a potential improved revenue budget performance of £300-400k per annum. These will be worked up in more detail at the next (recommended) stage
- 1.3 The Heritage Lottery Fund (HLF) is likely to be the main source of grant funding for restoring and improving historic buildings such as the Market Hall and the Heritage Grants Fund is HLF's main funding scheme. Projects seeking £1million or more must provide match funding of at least 25% (between £1.75m and £2m) and at least 5% of the total project cost must come from the resources of the organisation making the application. This means that the Council would be responsible for securing the overall match funding and looking to contribute between £350k and £400k to the project based on the estimated figures above. The Council would have to fund any overspends. The source of the Council's contribution has not yet been identified. Similarly, potential compensation costs have not yet been quantified or included in the calculations so will increase the overall cost of the project, should they occur.

#### Legal

- 2.1 The proposed changes will require considerable legal involvement including, but not limited to, undertaking reviews of market traders' tenancy agreements.
- 2.2 An additional allowance may also need to be made for payment of compensation, whether statutory or contractual, to any traders displaced by the refurbishment works, or who may not have access to their leased stalls during the works, or where their access to leased stalls may be compromised by the works being undertaken. However, this may be mitigated by the improvements made to the premises and/or provision of alternative facilities, as appropriate.

#### Personnel

- 3.1 Subject to any potential new management arrangements, there may be local changes affecting some markets-based staff in the medium term

## **IT**

- 4.1 None

## **Equalities Impact**

- 5.1 None

## **Health and Safety**

- 6.1 None

## **Environmental Sustainability**

- 7.1 Investment in the market premises and facilities may improve their energy efficiency.

## **Property and Asset Management**

- 8.1 As described in the body of the report these will include issues such as lease arrangements with traders and potential other tenants

## **Risk Management**

- 9.1 Failure to secure the long term future of revitalised city centre markets would undermine the aims of City Centre Masterplan 2030 and put the heritage values of the historic Grade II listed Market Hall at risk.

The overall markets revitalisation outlined in this report is contingent on a number of key issues including funding; engagement with INTU; the ability to arrange temporary facilities during any major works to each market and broader trends and changes in both the city's and national retail environment in which the markets compete. All of these will be subject to appropriate risk management strategies which will be developed at the next stage.

## **Corporate objectives and priorities for change**

- 10.1 The proposals support the Council's vision for:

A strong community where we feel empowered and businesses are supported to grow and an ambitious and forward looking city with good prospects for everyone.