



Derby City Council

**REGENERATING OUR CITY
OVERVIEW AND SCRUTINY BOARD
18 August 2015**

ITEM 07

Report of the Acting Strategic Director for
Neighbourhoods

Markets Strategy

SUMMARY

- 1.1 Following recommendations made by Cabinet in June and July 2015, officers are developing separate strategies for each of the council's five markets. This report updates the Board on progress to date.

RECOMMENDATION

- 2.1 To consider the report and note the progress being made towards implementation of proposals for each of the council's markets

REASONS FOR RECOMMENDATION

- 3.1 To seek the views of the Board in relation to the strategies being implemented for the future of each of the city's markets

SUPPORTING INFORMATION

- 4.1 The council currently operates 5 markets in the city: the Eagle Centre Market, the Market Hall, Allenton Market, the Cattle/Livestock Market and the Wholesale Market. Separate strategies are being developed for each market as outlined below:
- 4.2 The Council Cabinet has recently considered 2 reports - one on the strategic options for Derby's City Centre Markets and the other on the viability of the Wholesale and Livestock Markets.

4.3 **City-centre markets – Eagle Centre and Market Hall**

Council Cabinet (June 2015) authorised officers to develop proposals for both markets, including major restoration works to the Market Hall and consultation with stakeholders, notably INTU, regarding the upgrading and future operation of the Eagle Centre Market. This would help 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). Cabinet recognised that both premises needed to provide a modern and competitive destination offer in order to be successful and sustainable and that this would require substantial financial investment, particularly in the Market Hall. In the interim, officers were authorised to implement a variety of short term measures to stimulate increased footfall and maintain the viability of both markets.

Since the Cabinet meetings, consultants have been instructed to apply for Stage 1 Heritage Lottery Grant funding towards the costs of repairing and upgrading the Market Hall and officers have entered into negotiations with INTU regarding the future operation of the Eagle Centre Market. The outcome of these negotiations will be considered against other operator/investor options so that the regeneration benefits to the city and Eagle Market itself, as well as council income, are optimised

4.4 **Wholesale and livestock markets**

Council Cabinet (July 2015) noted that both the livestock and wholesale markets were currently not financially viable, indeed are loss-making overall, and that it was unlikely any action in their current form would substantially improve their viability and sustainability in the medium and long term.

It was agreed that vacant possession should be obtained at the end of the tenants’ current leases so that the premises could be demolished and then redeveloped with the objective of supporting the delivery of the Council and City Centre Masterplan. In the interim, tenants, businesses and other parties would be given the opportunity to submit viable business proposals offering a sustainable future for the markets for consideration. These proposals would be considered against the regeneration and financial benefits of redevelopment.

4.5 **Allenton Market**

The future of the market is currently uncertain in the light of Tesco’s decision not to proceed with proposals for a new store on the site.

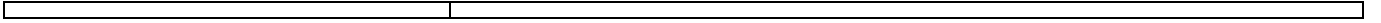
Officers are commissioning a consultant’s financial viability assessment to explore the viability of changing Allenton Market to a pop-up day-stalls-only street market within the District Centre. If this assessment concludes that a day stall market is likely to be viable in principle, a more significant report will be commissioned to assess this in more detail, consult with local traders, and recommend how the market can be set up and managed (potentially by an external specialist contractor).

OTHER OPTIONS CONSIDERED

5.1 Other options for each market have been considered in each individual report, as highlighted above.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu: Head of Legal Services Amanda Fletcher : Head of Finance Neighbourhoods and Chief Executive Alistair Burg: Interim Head of Strategic Asset Management and Estates John Tomlinson
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IMPLICATIONS

Financial and Value for Money

- 1.1 At this early stage, the total financial implications of implementing each of the above strategies are unknown. However, the consultants working on proposals for the city centre markets have provided an indicative total capital cost for the Market Hall scheme of £7-8 million.
- 1.2 The capital cost for the demolition of the Cattle and Wholesale Market and statutory compensation payments to the tenants is estimated to be £1.5m. Given the termination dates of the various leases at the premises, it is unlikely that any demolition could take place until the financial year 2016/17. The cost of demolition would be met from the capital element of the Property Rationalisation Funds.
- 1.3 The demolition of the Wholesale and Livestock markets will create on-going revenue pressures of £55k, assuming all activities cease, which is the overall net income budget for both sites. Cleaning of the Cattle Market is currently undertaken by Streetpride. Ending this would result in a loss of income to Streetpride of £120k; however costs will also reduce by a broadly similar amount.
- 1.4 Until the site is developed, there will be additional on-going revenue costs for the site, such as rates and site security. It is anticipated that any activity that continues on the site will help to cover these costs.

Legal

- 2.1 The proposed changes will require considerable legal involvement including, but not limited to, undertaking reviews of traders' tenancy agreements and service of notices under the Landlord and Tenant Act 1954.
- 2.2 An additional allowance may also need to be made for payment of compensation, whether statutory or contractual, to any trader tenants 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.
- 2.3 The resolution by Council Cabinet to demolish the buildings at the Cattle and Wholesale Markets will allow the council to resist the renewal of any leases that are protected by the Landlord and Tenant Act 1954. Again, as above, compensation is also likely to be payable to them based on Rateable Value.

Personnel

- 3.1 The proposed regeneration of the Livestock and Wholesale Markets sites will have an impact on staff based in both the Markets Team and Streetpride associated with the management and running of the sites. Consultations regarding the specific effects and timings will be on-going

IT

- 4.1 None

Equalities Impact

- 5.1 An Equalities Impact Assessment is to be completed in support of this work

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 Investment in the city-centre 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 Grade II listed Market Hall at risk.
- 9.2 The revitalisation of the city centre markets 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.

The recommendations will allow the redevelopment of poorly-performing property and meet the following objectives of the Council Plan and the City Centre Masterplan by:

- creating sustainable employment opportunities
- re-generating a large, visible site located next to one of the key gateways to the city centre
- generating a capital receipt or a sustainable positive revenue stream from the site