

Leicester
City Council

WARDS AFFECTED: Castle

Cabinet

December 5th 2005

Living Landmarks Lottery Bid – Market and the Market Place

Report of the Corporate Director of Regeneration and Culture

1 Purpose of Report

- 1.1 This report seeks Cabinet support to submit a bid to the Living Landmarks Lottery Fund for the regeneration of Leicester Market and the Market Place.

2 Summary

- 2.1 Leicester City Council operates a market that has been in existence for over 700 years and together with other property interests, provides a substantial income to the City Council. It is a vital part of the economy of the City Centre and a key element in the regeneration of the City Centre and the retail circuit.
- 2.2 However, the market facilities are in need of substantial investment if the market and market place is to be sustainable in the longer term. The market is a landmark facility in its own right and the market place has the potential to become a visitor destination, not just for shoppers but also as an historic and important town square, accessible to all the communities of the City and visitors to the City for a wide range of activities.
- 2.3 The Living Landmarks Lottery Fund provides an ideal opportunity to secure external investment into this important facility and this report seeks approval to submit an application for major investment in the market place.

3 Recommendations

- 3.1 Cabinet is asked to
1. Approve the submission of a Living Landmarks Lottery bid
 2. To authorise the Corporate Director, Regeneration and Culture to approve the final submission in consultation with the appropriate Cabinet Member.

4 Financial and Legal Implications

Financial Implications

- 4.1 Leicester Markets service during 2005/06 has a net credit budget of £653.7k. Outturn for 2004/05 delivered a net trading surplus of £676.1k from £1.93m income generation.
- 4.2 Additionally, Property division of Resources, Access and Diversity collect a net income of over £200k from the Corn exchange, neighbouring shops and office accommodation.
- 4.3 All the costs relating to putting the bid together will be met from existing budgets.

Author: Raj Pathak Ext. 7397

- 4.4 The project raises potentially serious VAT implications which are being considered. These can be resolved but it is too early in the project to be definitive as to the best course of action to achieve this. Broadly the options are (a) to elect to waive exemption from VAT on the market which has consequences in terms of reduced income from market stall tolls and/or trader popularity, or (b) challenge Customs as to the correct VAT liability of market stall tolls, the viability of which is being explored in conjunction with other authorities.

Author: Ian Harris Ext. 7470

4.2 *Legal Implications*

These implications are more applicable to issues that will need addressing at stage 2 of the bid, however it is advantageous to be mindful at the outset.

- 4.3 In considering and making its application, the Council will need to have regard to the eligibility criteria and the definition of "Eligible Works" as set out in the Living Landmarks Guidance Notes produced by the Big Lottery Fund. The Council should also be aware of the criteria for funding in the event that there are increases in costs and fees in the event that the Council is successful in its application.
- 4.4 The Council will at some stage be required to demonstrate the sustainability of the completed project. This will need to be shown by way of a business case that will demonstrate that the project is sustainable. Additionally, the guidance suggests that a Project Programme and Stage Plan will need to be submitted for a Stage 2 bid, which will cover the programme for the works and future sustainability use. The Council will need to ensure that sufficient resources are available to carry out this work.
- 4.5 The guidance makes reference to an Asset Liability Period. Whilst this does not appear to be a set period, but will depend on the project in question, there is the possibility that the Council could potentially be subject to clawback of funds in the event that the Council fails to comply with the funding conditions for the grant.
- 4.6 Other issues, for example the Value Added Tax status of the Market and any possible State Aid issues, will need to be taken into consideration during the application process.
- 4.7 A number of the tenants of the Market and Market Centre have tenancies with the legal right to renew under the Landlord & tenant Act 1954. This provides protection to tenants in the event that their tenancies are terminated and the implications for both the Council and the affected tenants. The Markets Service will work with Legal, Financial and Property Services to consider the most appropriate methods of resolving these and the other issues referred to above.

Author: John McIvor Ext. 7035

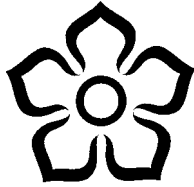
5 **Report Author**

Nick Rhodes

Head of Markets, Ext. 2370

DECISION STATUS

Key Decision	Yes
Reason	Significant effect on one or more wards
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)



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Report of the Corporate Director of Regeneration and Culture

SUPPORTING INFORMATION

Report

1.0 Background

- 1.1 Leicester City Council currently operates the largest covered outdoor market in this country. It provides employment for over 1,000 people. Most traders live within a 10 mile radius of Leicester and, as a consequence, spend on the stalls recycled in local communities. The Market is a vital part of the city centre retail mix.
- 1.2 2 ½ million people visit our markets per year. Shoppers remain very loyal to the market. Shoppers surveys demonstrate over 85% are satisfied with the service and over 90% of all visitors purchase food while shopping at the market. The popularity of the service is supported by the local, regional and national media coverage our market receives.
- 1.3 Leicester Market has struggled in recent years because shoppers increasingly have greater choice and greater mobility. The market has suffered competition from supermarket shopping and the development of out of town shopping
- 1.4 Our market facilities generally look tired in comparison to our competitors and need significant re-investment. The indoor market, in particular, has leaking floors and poor drainage. The building is no longer suitable for modern retailing. Action will be needed within the next 3 years to keep the building open and operational.
- 1.5 Operationally the Market and the Market Place has its problems. The surrounding road appears to act as a distinct barrier to the market, despite a rigorous cleaning operation the market is seen as a dirty and unclean environment, the neighbouring shops generally are not of a high retail quality and some close the doors that face the market.
- 1.6 Reinvestment is needed, so that the Market and Market Place continue to support the city centre and provide a focus for retail provision once the development of the Shires has been completed in 2008.

1.7 The government have also acknowledged the value that a thriving market can bring to our cities and towns. The recently released Planning Policy Statement 6: Planning for Town Centres says:

‘Street and covered markets (including farmers’ markets) can make a valuable contribution to local choice and diversity in shopping as well as the vitality of town centres and to the rural economy. As an integral part of the vision for their town centres, local authorities should seek to retain and enhance existing markets and, where appropriate, re-introduce or create new ones. Local authorities should ensure that their markets remain attractive and competitive by investing in their improvement.’

2.0 The Opportunity

2.1 The city centre will be transformed over the next few years with a number of large regeneration programmes including the Shires and Cultural Quarter.

2.2 A major regeneration of the Market and the Market Place could provide people with an exciting alternative that does not compete but complements the Shires development and adds greater richness to the retail circuit. The area has the potential to become a vibrant and a different visitor attraction that could provide a destination place not only for the City but also the East Midlands.

2.3 The market is integral to the economy of the City and a key component in the regeneration of the City and especially the Retail Circuit. In addition, there is the potential to maximise the visibility and use of one of Leicester’s major landmarks the Corn Exchange, enhance the old fish market façade, improve the whole environment, support and encourage investment from the private sector to develop neighbouring shops and upper floor usage and maximise the open space in the market square where it can facilitate not only speciality markets but also many other events.

2.4 Such a scheme would ensure the Market and Market Place not only continues to support the economy of the City but also the area becomes a more sustainable and attractive venue that appeals to a wider audience.

3.0 Living Landmarks

3.1 The Living Landmarks programme was launched in June 2005 and is designed to inspire communities to transform, revitalise and regenerate the places where they live, through social and community projects and major infrastructure investments.

3.2 The programme has two streams through which £140 million will be allocated throughout the UK:

- A small number of grants (4-8 across the U.K) between £10 million and £25 million will be awarded to projects of regional significance under the Living Landmarks programme. Officers consider that an application under this stream would stand a more realistic chance of success
- A single grant of between £25 million and £50 million will be awarded to a project under the People’s Millions programme that must be of national or regional significance. The successful project will be decided by a televised public vote on ITV.

3.3 The Living Landmarks Programme will fund major capital projects and aims to:

- Encourage partnership working and community engagement and participation.
- Champion innovation and excellence in the design of the physical environment.
- Encourage best practice in the design, construction and management of projects.

3.4 To be eligible for funding the project must meet all of the following programme priorities:

- Meet an identified need and have clearly defined outcomes and benefits.
- Have strong stakeholder and partnership involvement.
- Transform and revitalise communities and the physical environment.
- Inspire both the general public and their communities through unparalleled community involvement in planning and development and have the widest public support.
- Offer inspirational design solutions, which respect and enhance the physical environment and the community.
- Promote sustainability through lasting improvements to the physical environment and quality of life.
- Are committed to learning from past experience of projects and ongoing monitoring and evaluation.

3.5 Although the Living Landmarks funding covers mainly capital costs, the funding may also contribute to the revenue operating costs of the project, up to the level of 10% of the capital costs.

3.6 Development funding (up to £250,000 for Living Landmarks or £500,000 for People's Millions) may be offered if the project is successful in progressing to the second stage, to contribute towards professional fees, community consultation and public involvement.

3.7 The fund provides for up to 75% of the total capital costs, with the remaining 25% being secured through partnership funding. The City Centre Development Project would count for 10% towards partnership funding and we would seek to secure funding from other agencies involved with city centre regeneration at a local and regional level.

3.8 Discussions with Leicestershire Economic Partnership and Leicester Regeneration Company have been extremely positive. Contact has been made with the East Midlands Development Agency and it is understood that they are assessing all potential projects within our area before making firmer decisions.

The programme timetable is as follows:

6 th January 2006	- stage 1 application deadline
March 2006	- long list of applications agreed
April 2006	- long listed projects visited and assessed
May 2006	- application rejected or accepted for development grant.

Successful stage one applicants

May 2006 to January 2007 - stage two application prepared by applicants.

31 st January 2007	- deadline for stage two applications
February to June 2007	- assessment and site visit covering detailed technical and financial review.
June 2007	- public vote if application is through the People's Millions fund or panel if through the Living Landmarks fund.
July 2007	- decision confirmation

3.9 The submission for stage 1 requires the applicant to provide no more than 10 A4 sheets answering specific questions. If the submission proceeds to the interview stage in April 2006 then supporting documentation and visionary designs will be required.

3.10 The deadline for stage 1 submission is January 6th 2006 and as this is the last Cabinet meeting before that date Cabinet are asked to authorise the Corporate Director, Regeneration and Culture in consultation with the Cabinet member for Regeneration and Culture to approve the final submission.

4.0 Making a bid

4.1 One of the main criteria of the bid is to be able to demonstrate that there is a large element of consultation throughout the development process and the findings of the consultation should be heavily featured in the proposed vision/design for the area.

4.2 If Members agree that this bid can go forward officers propose to consult with as many partners as possible prior to formulating our vision and then reconsult once we have firmer proposals.

4.3 Initial consultations indicate support for the principles of a bid and the vision to make the market more attractive and ensuring the market place is more accessible both during and after the market trading day.

5.0 Alternative Options

5.1 The Living Landmarks Lottery panel are going to receive a large amount of applications. Indications are that there will be up to 200 applications across the UK and the panel are looking to fund 4-8 projects.

5.2 Irrespective of the panel's decision it is recognised that the Market and Market Place undoubtedly has huge potential for the city centre and the market still has its own trading problems that will need addressing within the next 3 years. As a result, less ambitious schemes are also being examined and will be presented for consideration if the lottery bid is unsuccessful.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

1 Financial Implications

1.1 Leicester Markets service during 2005/06 has a net credit budget of £653.7k. Outturn for 2004/05 delivered a net trading surplus of £676.1k from £1.93m income generation.

1.2 Additionally, Property division of Resources, Access and Diversity collect a net income of over £200k from the Corn exchange, neighbouring shops and office accommodation.

1.3 All the costs relating to putting the bid together will be met from existing budgets.

- 1.4 If the bid were successful, there may be a potential VAT implication arising with reference to the Council's VAT partial exemption status, details to be identified and evaluated by the Council's Taxation Officer.

2 Legal Implications

- 2.1 These implications are more applicable to issues that will need addressing at stage 2 of the bid, however it is advantageous to be mindful at the outset.
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3 Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	Yes	Ensuring the market and market place offers a cultural facility to all. Communities in the City.
Policy	No	
Sustainable and Environmental	Yes	The development of the Market and Market Place will provide a sustainable city centre and a better

		environment for trade and visitors
Crime and Disorder	No	
Human Rights Act	No	
Older People on Low Income	Yes	A lot of older people and those on low income currently use the market

3.2 Risk Assessment Matrix

	Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (If necessary/or appropriate)
1	Living Landmarks Lottery Bid unsuccessful	M	H	Development of more modest scheme to improve and develop existing facilities.
2		H	H	
3		H	H	
4		H	H	
5		M	H	
6		H	M	
7				
8				
9				
10				

L - Low
M - Medium
H - High

L - Low
M - Medium
H - High

4 Background Papers – Local Government Act 1972

None

5 Consultations

Market Forum Councillors
Market Traders
Shoppers of the market
Non users of the market
Neighbouring shops to the market
Belgrave area of Leicester
City Centre Manager
Leicestershire Promotions
The Shires
Hammersons
John Lewis
Leicester Regeneration Company
East Midlands Development Agency
Leicestershire Economic Partnership
Leicester College

6 Report Author

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