


REPORT TO ECONOMY SKILLS TRANSPORT AND ENVIRONMENT SCRUTINY BOARD

18 July 2019

Subject:	West Bromwich Indoor Market Redevelopment Proposals and Investment Options
Cabinet Member:	Councillor Bob Lloyd - Cabinet Member for Inclusive Economic Growth
Director:	Director of Regeneration and Growth – Amy Harhoff
Contribution towards Vision 2030:	
Exempt Information Ref:	The information contained in this report is not exempt from publication.
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DECISION RECOMMENDATIONS

That the Economy Skills Transport and Environment Scrutiny Board:

1. Note the decision of Cabinet 26 June 2019 to consult with a range of stakeholders, experts and Directors to develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report.
2. Consider the report and comment on the future development of the indoor market and any other matters that that should be factored into the feasibility study and options appraisal.
3. Agree to receive the final option appraisal for redevelopment of the indoor market prior to Cabinet decision in twelve months time.

1.1 The Board is asked to consider the content of the Cabinet report 26 June, 2019 (at appendix 1);

2. **BACKGROUND**

2.1 The West Bromwich Indoor Market is currently trading profitably but has lost traders in recent years and this rate of loss has accelerated in the last two years. There are many factors that have contributed to the decline in trader numbers including changes in shopping habits, new retail developments close to the market and a facility that has had little investment in the physical infrastructure, so the market is somewhat dated and not able to provide an adequate modern facility for market traders.

2.1 The Council commissioned a strategic review of the indoor market. This report concluded that the existing facility is no longer fit for purpose and that a business case should be explored to investigate potential investment and partnering options to help redevelop the market and enhance its commercial viability.

2.2 A study was conducted by Quarterbridge Project Management Ltd, who have extensive experience in developing market regeneration projects, on behalf of The Council following a procurement process. They conducted analysis of potential design and investment options and produced a report with multiple detailed appendices.

2.3 If the option to pursue wholesale redevelopment were to be taken forward the scale of new development envisaged would require demolition of the existing indoor market and then reconstruction of a re-modelled facility designed to maximise sales in line with modern concepts and successful market design principles. The re-modelled market would potentially occupy the ground floor of a multi storey building with the additional space being occupied by other rent-paying commercial, leisure and/or cultural tenants, with the remaining upper storeys being developed out as residential apartments.

2.4 The study identified key next steps to take the redevelopment forward, all of which should be addressed within the next twelve months, including:

- Creating a comprehensive consultation plan with market traders and residents to ensure that stakeholder views and opinion are considered concurrently with project development to arrive at the preferred option.
- Securing effective project management capacity to ensure that project deliverables and strategic outcomes are achieved.
- The development of a robust business case based on in-depth financial and development appraisals to be produced after revisiting the redevelopment options to ensure the preferred option would

generate an acceptable return and be a sustainable proposition in projected market conditions.

- The business case for the preferred redevelopment option to be produced in parallel with the identification of the most attractive delivery and ownership model to protect the Council's long term financial and regeneration interests and achieve the local market stimulus envisaged.
- Identifying and agreeing a potential partnership arrangement with a suitable investment and development partner or partners, subject to authorisation by cabinet.
- Provide an in depth options appraisal of potential delivery models, developing an appropriate investment proposal based on a robust business case and risk analysis exercise for each redevelopment and delivery option which would then be subject to further cabinet authorisation.
- Identify and evaluate any remaining unresolved issues contained in the consultant's report including a more detailed financial appraisal exercise, a cost modelling review and soft market testing.
- Consult with the leaseholder for the Kings Square Shopping Centre to identify any related property issues that may impact upon the redevelopment proposals.

2.5 The redevelopment of the indoor market is expected to act as a regeneration catalyst, driving footfall and increasing market engagement to drive values within the Town Centre and stimulate the further redevelopment of adjacent property, by the private sector in particular to create market confidence in the emerging Town Centre residential offer. The Cabinet report outlines the next level analysis and recommendations as requested by cabinet members.

2.4 Cabinet agreed the report 26 June, 2019, the next stage will be to consult with market traders, the public, town centre stakeholders and industry experts to further develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report.

3 IMPLICATION FOR SANDWELL'S VISION

3.1 The Council's ambition to create successful town centres will be directly supported by the preservation and development of a thriving indoor market and the use of this as a regeneration catalyst for the Town Centre.

4 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

4.1 Indoor market traders have been consulted on issues and initiatives that could deliver short and medium-term improvements. However, although

several of these initiatives have been introduced there has been no significant uplift in trading performance.

- 4.2 Market shoppers and other town centre users that do not use the market were consulted to determine what would encourage them to spend more in the market. The views obtained have been incorporated into the study referred to in 2.1.
- 4.3 Visits to other indoor markets and discussions with traders and other Council market operators to explore and learn from similar facilities have been carried out. The views obtained have been incorporated into the study referred to in 2.1.

5 ALTERNATIVE OPTIONS

- 5.1 A higher percentage of stall rent discount could be applied to provide a greater incentive to attract new traders. However, this would have a significantly detrimental effect upon the Council's budget and may result in the indoor market operation moving from a surplus producer to a net cost for the Council. Due to condition issues it is also forecast that the fabric of the market building would continue to deteriorate and therefore management and maintenance costs will increase. Furthermore, a 25% discount has already been in operation for over twelve months and this has now been reduced to 10%, this discount has not produced a net increase in new traders and ultimately would not in any way address the outdated nature of the accommodation which is understood to be the main factor leading to decline.

6 STRATEGIC RESOURCE IMPLICATIONS

- 6.1 The design and investment study carried out by Quarterbridge Project Management Ltd, referred to in 2.2, explored some indicative costs but these require additional scrutiny and analysis before they can be developed into a final business plan and investment options appraisal.
- 6.2 The main financial risks have been reviewed and potential contingencies considered, but it should be noted that a project of this magnitude will require continual and effective risk management processes to ensure that the Council's liabilities and exposure to current and future risk are minimised.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

- 7.1 The Food Act 1984 enables a local authority to establish a market within its area and to fix its own charges for markets and these can be determined depending on a range of different circumstances. The local authority is entitled to charge a commercial rate if appropriate.

- 7.2 The Council is the freeholder of the indoor market and of the Kings Square shopping centre that is structurally connected to the indoor market. However, the Council has granted a lease to London & Associated Properties PLC for Kings Square shopping centre and would, therefore, need to consult and negotiate with the leaseholder on any contractual issues that may impact the development.
- 7.3 The financial scope of the proposals is of a magnitude that would require appropriate and suitable legal instruments to be developed to ensure that the Council's asset ownership, public accountability, commercial and investment liabilities are safeguarded and effectively managed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 The proposals have been assessed by the Markets Manager for any equality impact and have been found not to have any.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 The proposals have been assessed by the Markets Manager for any data protection implications and have been found not to have any.

10 CRIME AND DISORDER AND RISK ASSESSMENT

- 10.1 The proposals have been assessed by the Markets Manager for any crime and disorder implications and have been found not to have any.

11 SUSTAINABILITY OF PROPOSALS

- 11.1 The proposals would contribute to the economic sustainability of the indoor market which is undergoing economic challenges that has resulted in the loss of market traders from the market.

12 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 12.1 The proposals would contribute to the continuance of an indoor market which would support local employment and help maintain a source of affordable goods, services and fresh food supply for the community.

13 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 13.1 The indoor market is an asset that returns income by way of commercial trading activity. Consequently, replacing this asset with a sustainable redeveloped market, with additional use options provides an opportunity

to increase and sustain the asset value and potentially increase the annual revenue generated from the asset.

14 **CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 14.1 The first recommendation to note the decision of Cabinet 26 June 2019 to consult with a range of stakeholders, experts and Directors to develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report, provides an opportunity for the Scrutiny Board to consider this decision in view of the supporting report.
- 14.2 The second recommendation to consider the report and comment on the future development of the indoor market and any other matters that that should be factored into the feasibility study and options appraisal, encourages the Scrutiny Board to inform the feasibility study at an early stage so all views can be incorporated.
- 14.3 The third recommendation to agree to receive the final option appraisal for redevelopment of the indoor market prior to Cabinet decision in twelve months' time, enables the Scrutiny Board to have sight of and comment on the options appraisal analysis so as to assist Cabinet in their decision-making process.

15 **BACKGROUND PAPERS**

As per Cabinet report 26.06.2019

16 **APPENDICES:**

Appendix 1: Cabinet report 26.06.2019

Amy Harhoff

Director of Regeneration and Growth