



## **REPORT TO PRESTON CITY COUNCIL**

# **MARKET DEVELOPMENT AND IMPROVEMENT PROPOSALS**

**MARCH 2013**

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### **Market Development and Improvement Proposals - March 2013**

Quarterbridge was appointed 6.11.12 to prepare a report and recommendations in response to a series of questions posed by a brief issued 19.10.12 by Preston City Council.

In summary, the brief posed two key questions:

- *“What is needed to ensure a sustainable Market for Preston”?*
- *“How can we continue to provide a low-cost food offer in the City”?*

In this report we have analysed past performance and future challenges to the Council-run Markets operation with a series of recommendations which taken as a whole represent an improvement strategy for Preston City Markets. We previously submitted an interim report: *“Interim report and Financial review”* on 16.11.12 at which time the Executive board of the City Council resolved to close the existing Market Hall and Market car park at an as yet undetermined future date.

We submitted our draft final report *“Market development and Improvement proposals – January 2013”* on 11.01.13. Following feedback from Officers we have adjusted the format and prepared this final version. This document is supplemental to and subsumes the interim and draft reports already presented. This report is based on the assumption that closure of the Market Hall and Market car park does take place and is designed to assist the project team now considering future options.

This report has been prepared on the basis of information supplied by the City Council including a retail study and Trader questionnaire commissioned by the Council. It’s contents represent the expert opinion of the authors based on numerous service reviews and business plans prepared for Market authorities throughout the UK. It is offered subject to such further investigation, consultation and legal advice as the Client deems appropriate. Please note the copyright and caveats statement contained within the appendix.

Director - Quarterbridge Project Management Ltd  
20<sup>th</sup> March 2013

## **A. BACKGROUND AND SUMMARY RECOMMENDATIONS:**

### **a.1 Retail consolidation within the UK Markets industry**

The national trend in the UK Markets industry is one of decline due to so-called “retail consolidation”. A steady fall in the number and size of Markets has been seen across the UK since the 1960’s. This has reflected the decline of independent retailing despite being partly-masked by the popularity of Farmers Markets and “Speciality” Markets. The excitement of a bustling “Market Day” is now nothing more than a fond folk memory in many provincial towns and cities - similar to half-closing days.

The UK has today become one of the most consolidated retail economies in the world. Over 80% of all groceries and household goods are now sold by the “Big Four” Supermarkets – Tesco, Sainsbury, Asda and Morrisons - largely from edge-of-centre or out-of-town “big box” format stores. This trend has been compounded by the rise of “bulk discounters” such as Aldi, Lidl and Costco and fashion discounters such as Primark and Matalan on similar edge-of-town retail parks. As sites have become scarcer and their market share has peaked the “Big Four” have moved into the High Street to maintain profits through in-town Convenience stores – “Sainsburys Local” etc. Market Hall Stallholders and Open Market Traders are the last independent retailers in many town centres. If they are allowed to fail then there are obvious financial implications for the revenue received by their owners (generally Market Authorities i.e. Councils) and the local economy. Many Market Authorities rely upon their Markets service to make a significant contribution to the Council’s general fund.

This trend towards consolidation is as apparent in Preston as elsewhere across the country. Over the last 20 years or so independent retailers on the High Street retailers have been largely replaced by retail chains, but now an increasing number of these are closing in response to the general economic recession and the remarkable rise in online sales. As Sir Philip Green of the Arcadia Group has said: *“Why pay a High Street rent when you can generate as much profit from low-cost online sales?”* The problem of “failing High Streets” has reached a point where even Central Government has become concerned, hence the recent DCLG-sponsored Portas “Town Team” competition. Interestingly, Portas and the DCLG both acknowledge that Markets are a key factor in regenerating High Streets. The Town Team competition was staged by the DCLG to encourage local initiatives and Quarterbridge is pleased to be supporting two of the competition winners.

Commercial reality confirms that independent retailers cannot compete head-to-head with the multiples. They are generally undercapitalised and do not possess enough buying power. This is a problem shared between Market vendors and their landlords, Market Authorities as the former is the customer of the other. Fewer independent retailers means less demand for stalls which means less revenue for the Council. Both parties need to learn from the competition and develop a management strategy which maintains their competitive advantage. We believe this should be based on differentiating the Market offer from it’s competition. This is the core principle behind all our recommendations.

## **a.2 The challenge of downsizing Market operations**

As the number of independent retailers has shrunk so many Market buildings have become under-occupied. Voids bring a liability for empty business rates and unrecovered service charges so the logical response for a Market Authority seeking to maintain profits is to downsize to match reduced demand. Unfortunately when this is proposed it often quickly becomes very contentious. A Council may be accused of killing-off local businesses as public sentiment about “the good old days” often overrules commercial necessity. This is tough issue to address and downsizing needs to be debated in a frank and open manner. Our recommendations propose just that.

## **a.3 The importance of a Market to the local economy**

The importance of the Market to their local economy is increasingly recognised by many Councils. They see their Market as creating High Street footfall, supporting high levels of local employment and recycling cash to local producers rather than remitting it to distant shareholders. They recognise their role in social provision e.g. delivering a low-cost food offer to disadvantaged members of the community – an effect confirmed by the Council-sponsored survey of Market users commissioned to support this report.

Quarterbridge endorses the findings of research undertaken by the New Economics Foundation [www.neweconomics.org.uk](http://www.neweconomics.org.uk) which suggests retail consolidation reduces variety, takes sales turnover out of local circulation and increases prices. This effect is seen in comparison shopping basket surveys undertaken between local Markets and Supermarkets. Our experience confirms it is not tenable to suggest Supermarkets fill the gap and provide a low-cost offer once a Market Hall is closed. In the body of our report we have commented on the three Preston Supermarket consents we have been asked to consider.

## **a.4 How consumer credit has affected Markets**

Since the 1960's the increasing availability of consumer credit has had a profound effect on Markets and retailing as a whole. Today's shopping habits are less price-driven than convenience-driven and the attraction of “free” carparking and modern premises often outweighs the product price advantage seen on Markets. Most Markets still work in a cash-only economy where accepting credit and debit cards is the exception, not the rule. As a result the high-value credit-reliant sales are scooped-up by Supermarkets to the point where Market shoppers are typified as low-income, elderly and reliant on public transport. This is a core concern of the Council and our recommendations make provision for such groups.

Supermarkets, bulk discounters and online retailing are here to stay, whether one likes it or not and the days of a waiting list for stalls are long gone. Markets need to adapt to survive and in our report we suggest ways that Preston Market can maintain its competitive advantage by resizing, offering better facilities and improving the variety and user-mix.

## **a.5 Overcoming spending constraints**

As most Markets are operated by Councils the primary challenge to improving them is capital spending constraints. Fortunately though an increasing number of private investors recognised the investment potential of Markets. Private finance is always looking for a safe home and with the right structure this can replace public sector funding.

Despite spending cutbacks many Councils remain reluctant to partner with the private sector. Inevitably discretionary services such as Markets will be given less priority than statutory obligations such as social services. A few Market Authorities have recognised this and are exploring other ways to finance improvements through transfer into Arms-Length Management Companies (“ALMCo’s”), Management Trusts or other forms of Social Enterprise. The pros and cons of this are discussed later in our report but a few words of caution are needed. If the Council opts to transfer it may also have to advance a loan of the working capital or stand as guarantor against external borrowings. A transfer is not a shortcut to removing a liability from the Council’s balance sheet so to speak.

Fortunately in Preston’s case the investment opportunity represented by the Market could be blended together with the development opportunity represented by the former Market Hall site. This would significantly increase the pool of potential partners and the report suggests legal vehicles for a Joint Venture as an alternative to an ALMCo.

To reduce staffing costs some Councils have changed from being direct providers of a Markets service to delivery through a private sector management contract. This is a fairly well-trodden path but we do not favour it. In the absence of true equity participation it is difficult to incentivise the contracted party.

The Council may not currently possess the appropriate experience or funding to improve the Market operation but both can be acquired. From soft-testing of interest amongst investors we know there are funds available and the Council is in a good position to deliver a landmark development.

## **a.6 The need for footfall “anchors”**

Changing retail patterns means many Markets have lost their traditional footfall “Anchors” - as happened in Preston with the relocation of the City Centre Post Office. The significance of this is often overlooked by Market Authorities whereas Supermarkets recognise their worth and actively buy-in licences for dispensing pharmacies etc. Sheffield City Council has been one of the few Authorities who have introduced a Sub Post office into one of their Market Halls to excellent effect. Our recommendations involve securing both an Anchor use, on concessionary terms if necessary, and ensuring public welfare facilities such as WC’s are provided within the new design. Both are important footfall-drivers for both an indoor and open market operation.



## **a.7 The effect of a shrinking wholesale industry**

The wholesale industry is shrinking as quickly as Supermarkets can find ways to reach supply agreements direct with manufacturers. Relaxation of planning control over mezzanine floors has helped the “big box” operators expand into non-food lines to maintain their turnover and exacerbated the problems faced by many Market vendors. The business model of many non-food vendors is based on buying-in from a wholesaler before adding a mark-up and selling-on, so a shrinking wholesale industry is hitting them hard. It is increasingly difficult to buy-in lines such as budget fashions and compete against the likes of Primark, Matalan and George at Asda.

Interestingly, as the wholesale industry has shrunk we have seen a trend emerging for non-food uses to be replaced by Arts & Crafts (“Artisan”)-type uses and service-based IT uses. The Portas report recognised this effect but most Market owners have been slow to recognise it and slower still to exploit the possibilities. Only a few Market Halls such as Accrington have recognised the potential and now incorporate a “Enterprise Haven” operated in partnership with the local Enterprise Trust. This is an initiative we recommend for Preston.

## **a.8 Developing the fresh food offer**

Despite the challenges many Markets still enjoy unique advantages. They are centrally-located, they enjoy customer loyalty which any retailer would die for and they are owned freehold, free of charge, by their owners. This is an excellent starting point for any business plan. Those like Preston which retain a sizeable fresh food offer have the added advantage of being inherently viable because food makes a Market a so-called “destination attraction”. Everyone has to go food shopping so food is not a “discretionary” purchase.

The fresh food uses such as butchery seen in the Market Hall are inherently viable because of both the demand from shoppers and the business model they follow. Butchery is based on product skills which *add value at the point of sale* i.e. a butcher joints a half-carcass then sells it on as high-value prepared cuts and creates profit as he does so. He is far less reliant on a wholesaler as he does not simply buy-in and add a mark-up. He creates value at his stall by using his skills and his product is perishable so margins remain high as shoppers tend not to buy in bulk.

Fresh food uses tend not to suit the business model of Supermarkets so this represents an opportunity for a Market to differentiate itself from its competition. Supermarkets tend to rely on bulk-purchase, long shelf life products so our recommendations include measures to develop the fresh food offer as core attraction. From our observation the quality and pricing of the fresh food offer in the Market Hall is excellent and unmatched by Supermarkets – even the “Market Street” in Morrisons which is arguably the strongest competitor.

When considering fresh food it is important to remember it is delivered by Stallholders who require continuity of trade. It is difficult enough to retain let alone attract a new fresh food retailer to a Market and one cannot expect a butchers, delicatessen, greengrocer or fishmonger to close their business and then open several months later in new premises. The implication of the decision to close the indoor Market Hall is that replacement premises must be constructed *prior to closure of the old*. The phasing of works will be critical.

#### **a.9 Distinguishing between “Stallholders” and “Traders”**

It is important to distinguish between the different business model of a “Stallholder” in an indoor Market Hall and a “Trader” on an Open Market - which includes the so-called Covered Market structures in Preston. In our report the terms “Open Market” and “Covered Market” are (rather confusingly) interchangeable.

Although the Public tends to regard all vendors as “Market Traders” that is far from the case. The indoor Stallholders are Small or Medium-sized Enterprises (“SME’s”) with fixed assets and overheads essential to their business and as such vulnerable to the same pressures facing any independent business. They have a significant capital commitment to coldrooms and display counters etc with butcher typically investing c.£50K in refrigerated display equipment and a coldroom on his stall. Their ability to raise capital finance is limited and experience suggests they would be very reluctant to commit until the new Market is up and trading. Even then they would be tempted to use secondhand equipment and fit-out themselves which poses all sorts of quality control and co-ordination problems. Our recommendation is that coldroom and refrigerated display equipment would be provided by the Council with the costs being rentalised.

#### **a.10 Encouraging business development on the Market**

It is encouraging that more attention is being given to the Markets industry thanks to the Portas report and DCLG competition but most Market vendors remain very reluctant to invest in business improvements. They recognise the importance of self-service and accepting EFT (credit and debit cards) but are reluctant to adopt them in the absence of an initiative from their landlords to provide better premises. In the meantime they continue to lose high-value EFT-driven sales to their competitors. The improvement strategy must encourage vendors to develop their businesses and our recommendations propose introducing a business development programme with the Federation of Small Businesses.

#### **a.11 Preliminary consultation with Stallholders and Traders**

As part of our review we held preliminary meetings with representatives from both the Market Hall Stallholders and the Covered Market Traders. Like any good retailer their primary concerns were footfall and sales turnover rather than rents. We were pleasantly surprised at their willingness to adopt new sales techniques such as self-service and EPOS-based sales to give them an edge over their competitors. They also (albeit reluctantly) seemed to accept the logic of downsizing a replacement for the Market Hall.

They expressed considerable concern over the phasing of the works and made it clear that unless continuity of trade can be maintained they would either relocate outside the Market and possibly the City itself, or close for good. We understand this viewpoint and our recommendations include phasing to suit. Finally, they emphasized the need to modernise and build-into the Landlords provision the same open sightlines, data services and back-up storage etc any multiple retailer would require. Design shortcuts which are justified on the basis there is insufficient capital available would simply not be acceptable. We endorse this view. The

shopping public have become conditioned to expect high design standards and the argument for design shortcuts because “it’s only a Market” is unacceptable.

#### **a.12 Summary recommendations**

Based on our experience and research our clear recommendation is to construct a new Foodhall prior to demolition of the existing indoor Market Hall. The new building should be downsized to a size roughly equivalent to the lower floor of the indoor Market Hall. By focussing on a core offer of high quality fresh food the business case need not be dependent on any capital receipt from the former site and will be sustainable.

This development would resolve outstanding wants of repair to the Covered Market structures and free-up the former indoor Market Hall site for development in accordance with the Councils wider aspirations to improve the City Centre. We have reviewed the preliminary cost estimates for repairs to the Covered Market structures and consider they could be significantly reduced if incorporated into a conversion project.

The brief did not require us to consider site options but one option to replace the indoor Market Hall is a sympathetic conversion of the former Fishmarket into an enclosed Foodhall. The design should be modern, functional and follow the design principles seen in the Fish and Meat Hall at Bury Market. This could present an opportunity to bring the adjacent former Post Office building back into productive use as service space.

The Open Market (the larger Covered Market structure) should be refurbished at the same time to maintain the critical mass of the overall Market offer. It should continue to operate as both a regular Open and a periodic Carboot Market as at present. The perimeter shops which attract additional footfall to the Market Hall should be relocated adjacent to the new venue to maintain critical mass. The repair, conversion, demolition and redevelopment works must be carefully phased to ensure continuity of trade for stallholders and Traders.

Every effort must be made to secure an Anchor attraction e.g. a Post Office or Council One-Stop shop to boost footfall for the Market.

Detailed actions to deliver the recommendations are contained in the report.

They include:

- Consultation with Traders and Stallholders
- Business development programme for Traders and Stallholders
- Shopper and non-shopper survey
- User-mix, variety and catchment analysis for optimum size
- Space planning exercise for sales and back of house facilities
- Phasing programme to deliver continuity of trade
- Design and costing exercise to determine capital requirements
- Financial modelling of revenue and cashflow for the Business Plan
- Evaluation of funding options - Prudential borrowing or Partnering

- The strategy to develop-out the former Market hall site
- An anchor attraction for the Market
- Management training and trading accounts

## **B. INFORMATION**

### **b.1 Retail provision in Preston**

The brief did not require us to undertake a retail study of provision in Preston but the Council did provide us with the results of a household telephone survey and on-street survey of Market-Users undertaken by Drivers Jonas and the research Company, Clarity and the results taken into account.

### **b.2 Demographics used in this report**

The brief required us to analyse the current demographics of the market's users and the potential for change and considering the demographics of the wider sub-region. The tabulated survey results are presented in the appendix and are consistent with our own observations on site and user-group surveys we have undertaken for other Market Authorities across the UK. They support our comments elsewhere that Market users are typified as low-income, elderly and reliant on public transport. In the appendix we have highlighted the key results in yellow. They confirm that:

- The socio-economic grouping of users is chiefly social group E - Casual labourers, pensioners, unemployed, and those living on benefits (37%)
- Food shoppers on the Market are overwhelmingly female (71%)
- A large proportion of Market shoppers are aged over 65 years (39%)
- A large proportion of Market shoppers are from homes containing one or two adults (47%)
- Most Market shoppers have no car (58%)

The size of the sample is relatively small but suggests strong representation from residents in the eastern side of the city – Frenchwood, Fishwick & St Matthews and Ribbleton, with some from Tulketh & Ashton.

#### *b.2.1 Proposed survey of non-Market users*

The user-survey is of equal interest insofar as it confirms who is *not* shopping on the Market i.e. socio-economic groups A – C. Logic says their purchasing pattern is far less price-sensitive and one can reasonably infer they have been attracted to the better facilities and convenience of other retailers. As their shopping destinations are not covered by the survey we recommend they are canvassed through a Citizens Panel or Focus Group to understand *why* they are not shopping on the Market. Is it parking charges, the poor condition of the building, lack of EFT or lack of self-service etc? This would enable a better understanding of how to improve facilities.

#### *b.2.2 Informal shopping basket survey*

We also conducted an informal shopping basket survey between the fresh food offer on the Market and the fresh food offer at Morrisons (Riversway) and Asda (Pittman Way). This suggested to us the fresh food offer in the indoor Market Hall offers significantly lower prices and better quality, variety and freshness. It is reasonable to conclude this competitive

advantage could be developed to reclaim the high-spending A/B's *provided that* the Markets match the management, facilities and convenience of the competition.

### *b.2.3 Summary*

Market users tend to fall into the category of those with a low income, the elderly and those reliant upon public transport. This is consistent with the demographics of Market users elsewhere. The higher-spending A/B shoppers are not present and one can reasonably infer their shopping habits are conditioned by the better facilities offered by the competition rather than lower prices. The demographics of the Preston catchment do not lend themselves to creating a visitor-based destination Market such as Borough Market, London and we suggest the catchment will remain dependent on local residents.

The business model for the Market needs to match the convenience and facilities of the competition whilst maintaining the competitive advantage of lower prices. Modernisation to attract the A/B's back to the Market is fundamental to creating a sustainable future.

## **b.3 Current Market provision**

The indoor Market Hall and Open Market currently operate 6-days per week, with the general Open Market being partly displaced by a Carboot and Flea ("Secondhand goods") Market on two of those days.

Monday:	Market Hall + Open Market (under cover)
Tuesday:	Market Hall + Carboot/Flea Market (under cover)
Wednesday:	Market Hall + Open Market (under cover)
Thursday:	Market Hall + Carboot/Flea Market (under cover)
Friday:	Market Hall + Open Market (under cover)
Saturday:	Market Hall + Open Market (under cover)
Sunday:	All closed

Only a few indoor Stallholders still adhere to the traditional Thursday half-day closing.

The annual Whitsuntide (Spring bank holiday) fair displaces the Open Market and Carboot/Flea Market for one Monday and Tuesday each year. The financial effect on the service is negligible.

The Flag Market remains largely unused except for licensed street traders (managed by the licensing department) and the periodic Lancashire Market staged by Preston BID.

## **b.4 Market provision – commentary**

From observation and analysis the existing management arrangements appear to be working well given the modest resources which are available. The utilisation of the assets is high, operating costs are under control and, in the case of the indoor market have been significantly reduced. There is limited potential to increase profitability in the absence of significant modernisation or the removal of rental and service charge concessions, both of which are a policy rather than management decision.

In broad terms we consider the existing operation makes good use of the asset given the resources currently available. We have not been able to identify any additional Market events such as Christmas Fayres, Farmers Markets and Craft Fairs which would be justifiable on anything apart from a Promotional and Marketing basis for the City as a whole. Their presence would be welcome but they will likely require an ongoing subsidy.

There is no substitute for a regular “General” Market - whether Indoor or Open - for generating cashflow. Periodic uses such as fortnightly Farmers Markets, “Continental” Markets and Christmas Fayres generate notional income and indeed some are often loss-making. Farmers Markets do attract a more affluent type of footfall which is welcome to some vendors and all retailers but this is unlikely to be financially significant given the socio-economic profile of Preston. Farmers Markets should not be regarded as anything other than promotional attractions as they are no substitute for the 6-day week offer.

There are though two operational areas with the *potential* for greater utilisation:

Sunday: This may suit a leisure-based mixed Carboot/Flea Market and Open market operation but would probably not suit the Indoor Stallholders in the Market Hall. Additional budget resources would enable the Market manager to trial a Sunday Carboot.

Flag Market: Suited to the existing periodic Lancashire Market and Whitsuntide Fair and could stage additional Events and Entertainment to support the market. But for reasons explained elsewhere these should be regarded as promotional events and will probably requiring ongoing subsidy. Organising them could not be undertaken by the Market Manager except with significant additional resources.

#### **b.5 Stallholder / Trader consultation – outcomes**

The brief required us to meet with representatives from both the Market Hall Stallholders and the Covered Market Traders. When we did so it became apparent that like any good retailer their primary concerns were footfall and sales turnover, not rents.

We were pleasantly surprised at their willingness to adopt new sales techniques such as self-service and EPOS-based sales to give them an edge over their competitors but were looking for certainty as to the future of the Market and a clear commitment and leadership from their landlords, the Council before committing. They also (albeit reluctantly) appeared to accept the logic of downsizing any replacement for the Market Hall.

They expressed considerable concern over the phasing of the works and made it clear that unless continuity of trade can be maintained they would either relocate outside the Market and possibly the City itself, or close for good. This is understandable

Finally, they emphasized the need to modernise and build-into the Landlord's provision the same open sightlines, data services and back-up storage etc any multiple retailer would require. Design shortcuts justified on the basis of insufficient capital available would simply not be acceptable. We endorse this view.

We suggested the Council undertakes an additional survey amongst the Market Stallholders (indoor Market Hall) and Traders (Covered Market and Carboot sales) to assist the design process. We produced a questionnaire to corroborate the User-group survey e.g. the age of customers and to assess the economic importance of the Market to the City e.g. the number of people whose livelihood is dependent upon the Market. The format is included in the appendix.



## **C. ANALYSIS**

### **c.1 Impact of trends on future provision**

As mentioned in the introduction the national trend in the Markets industry is one of decline due to the effect of so-called retail consolidation and under-investment. Preston shows no sign of bucking the national trend despite doing slightly better at the moment than we would have expected.

At the present time the Market is still financially viable (though still requiring a small subsidy) only because repairs have been deferred and management has been successful in reducing operational costs, but this cannot continue indefinitely. Our research suggests the high occupancy rate of the Covered Market and carboot sales is due to the unique advantage of the weather protection it provides. The upper level of the Market Hall remains remarkably full probably due to the rental and service charge concessions which have been granted and which, if removed would cause the number voids i.e. unoccupied stalls to rocket.

In common with many other Markets a significant level of capital investment is needed in repairs and replacement. Without that we cannot see how the Council can achieve its stated objectives of ensuring a sustainable Market for Preston and a low-cost food offer for the City. In the absence of that the continuing decline will continue and affect those groups who form the typical Market-user: those with a low-income, elderly and dependent upon public transport.

### **c.2 Viable size and mix for the future Market**

The brief did not require us to propose a viable size and mix for the future Market provision at this stage of the project. This will follow-on in the next stage of the delivery process.

We have though included a target user-mix list in the appendix to be used as a basis for the initial user-mix analysis and space planning exercise. This exercise will study the existing businesses, identify which are under-represented or missing and then ensure the physical storage requirements are provided to accommodate them.

The user-mix represents the so-called “balance of trades” on a Market which encourages impulse purchases by creating a variety of offer which differentiates it from its competitors. Market management is always seeking to attract desirable product lines not currently represented. It makes space available for start-up enterprises which will hopefully grow into thriving businesses in due course.

## **D. RECOMMENDATIONS**

### **d.1 Immediate actions required**

#### *d.1.1 Establish a Steering Group*

Establish a Markets Investment Steering Group and appoint members to progress the project. Co-ordinate it's efforts with that of the BID and any Town Team to investigate the best delivery vehicle (ALMCo or LLP etc) to secure finance and deliver ongoing management. Invite representations from stakeholders and publicise progress through the Council website.

#### *d.1.2 Introduce a business development programme*

Introduce a programme of business development for Stallholders and Traders via the Federation of Small Businesses etc in anticipation of the improvements. Encourage the adoption of EFT, establish a platform for online sales, encourage Vat registration and EPOS-based Sunday trading.

#### *d.1.3 Consider partnering in a Business nursery*

Pursue partnering with external bodies e.g. Creative Lancashire or the University of Central Lancashire to create a Business Nursery in the Market

#### *d.1.4 Undertake Consultation and surveys*

Undertake an additional Citizens Panel or Focus group survey amongst *Non-Market Shoppers* to determine why they do not patronise the Market and adjust the design to suit. Combine the results with the retail studies already undertaken to gain a better understanding of how the Markets service needs to be improved.

#### *d.1.5 Prepare a User-mix and catchment analysis*

Undertake a study into the long-term viability of use-types within the Market and determine the optimum user-mix for Market operation, both indoors and open. Undertake a shopper catchment analysis and compare with the existing core offer then use the outcomes to prepare a conceptual space plan showing the optimum size and back of house facilities.

#### *d.1.6 Evaluate Relocation options*

Use the space plan requirements to evaluate the relocation options and select the location.

#### *d.1.7 Develop the Delivery programme*

Develop the project delivery programme for the design, funding and implementation of the works. Allow for vacant possession, statutory approvals and continuity of trade. Incorporate a programme for OJEU procurement and relocation agreements with accommodation works.

#### *d.1.8 Prepare a Design Brief and appoint an Architect*

Prepare an outline Design Brief and appoint an Architect and design team by competition or proposal.

#### *d.1.9 Build the Business Model*

Use the space plan to model the revenue and capital cost estimates for the project. Establish a Business Model for the new Market provision with a costed design, estimated returns and delivery programme. Evaluate the Open Market Value with rentalised equipment and options for rental zoning and use the findings to explore the capital commitment and cashflow.

#### *d.1.10 Evaluate the funding options*

Evaluate the options of direct development or partnering. Keep the viability study independent to anticipated returns from development of the Indoor Market Hall site.

#### *d.1.11 Plan for Development of the Market hall site*

Develop the strategy to develop-out the former Market Hall site, either independently or as a second phased of the Market project.

#### *d.1.12 Secure an Anchor attraction*

Secure an "Anchor" attraction and footfall-driver for the Market - ideally a Sub Post Office - and incorporate it into the design. Offer concessionary terms if necessary.

#### *d.1.13 Provide Management training*

Introduce management training and resources to adopt trading accounts and retain a sensible proportion of trading profits from promotion and marketing. In the interim, remove unlettable stalls to reduce empty rates liability.

### **d.2 Re-provision of the Foodhall**

#### *d.2.1 Design requirements and location*

The User-mix analysis and space planning exercise will generate the optimum size. This should then be used to select the relocation site. The design should incorporate modern facilities such as an EPOS-based Sunday trading and Customer Collection facilities and the relocated perimeter shops and public WC facilities. It should provide coldrooms and refrigerated display equipment on a rentalised basis plus the usual datalink services and shared WiFi one would expect to find in a multi-let retail environment.

The building should be designed to minimise costs-in-use and incorporate as many green features as possible and need not be air-conditioned. It should incorporate an Anchor attraction

e.g. a Post Office or Council “One-stop Shop” and if practical a “Business nursery” associated with the new facility.

It should either incorporate or be closely associated with a Shoppers Carpark, preferably on the former indoor Market Hall site – to be operated on a Shoppers parking tariff during shopping hours.

The location of the new Foodhall should remain closely associated with the Bus Station if and when it is redeveloped

#### *d.2.2` Size*

Subject to the above the replacement Foodhall should be downsized from the existing provision to a size consistent with maintaining the core fresh food offer and 100% occupancy. It must have sufficient critical mass and variety to become an attraction in it’s own right and not be reliant on the development of the former indoor Market site.

The final sizing will be dependent on a detailed study of the existing and target user-mix balanced against estimated catchment demand. This will in turn generate a space plan and the design brief.

#### *d.2.3 Estimated rental levels and operating costs*

The brief did not require an estimate of the Open Market Rental Value or operating costs but these will naturally follow-on from the space planning exercise, ready to be fed into the Business Model. We suspect existing rents are significantly reversionary as we are told no use-specific zoning is applied and rent reviews have not been applied for several years and they do not include any RPI or CPI indexation.

We also understand service charge concessions (extent unknown) have been given for the same reason, so it is reasonable to infer that the operating costs deduced from Council accounts are somewhat inflated. These will also follow-on from the space planning exercise. It should be remembered that service charge recoveries do not represent a profit centre for the Council as they are simply a recovery of communal operating costs. Once the relocation is complete then rental and service charge concessions can be removed and rental zoning applied to the level assumed in the Business Plan.

#### *d.2.4 Servicing storage and other utility requirements*

Similarly, it is too early to define the servicing and storage requirements until the space planning exercise is complete. From our observation the existing facilities in the Market Hall are generous and could probably be reduced more than pro rata to the reduction of sales area in the new Foodhall.

The existing parking for traders vehicles on site is a luxury which would not be replaced but provision would still be made for secure ambient storage for non-food and refrigerated storage for fresh food.

The latter would take the form of a ready-use coldroom on each fresh food stall plus a remote bulk storage coldroom in the back of house with a cutting and preparation area demised to the Stallholder. Greengrocers and Fruiterers would share a vegetable preparation area and the design would enable all stallholders to accept deliveries during trading hours. The usual on-site waste handling, separation and recycling facilities would also be provided.

The provision of ambient storage facilities for the Covered Markets must not be overlooked. At present the former Police station provides facilities for the storage of trestles, waste containers and the like for the Open Market. The Open Market traders also enjoy the use of some of the ambient storage space provided within the new Market hall. The ability to store goods in close proximity to the Open Market enhances the attraction to van-borne Traders so the space planning exercise should seek to retain it.

Out of hours access to delivery preparation and storage areas and public WC's is needed for stallholders. A messroom and dedicated WC facilities for all Stallholders and Traders should be provided. Design of all facilities obviously needs to meet the DDA requirements for useage by disabled Stallholders, Traders and Management staff as well as Shoppers.

### **d.3 Delivery options**

#### *d.3.1 Funding and delivery models*

There are, in essence, three funding and delivery models open to the Council:

- Firstly, a direct development using prudential borrowing to deliver the project. This could be done in conjunction with an outsourcing of the day-to-day management of the Markets and may be restricted to enabling works e.g. repairs only to the covered market, or delivery of the whole project.
- Secondly, a transfer into a separate vehicle which delivers the project. This could be an Arms Length Company, Social Enterprise or Management Trust which raises its own capital to deliver the project or into which the Council injects part of the development capital.
- Thirdly, a Joint Venture with a development partner who provides the capital funding and delivers the project, or with whom the Council agrees to inject part of the development capital. For reasons explained below this has the potential to be incentivised by offering the former Market Hall site as a second phase of the development opportunity. This two-stage approach may attract a development partner with a specialist interest e.g. a contractor/developer seeking more work or a developer with a specialist interest e.g. providing student accommodation on the Market Hall site.

There are pros and cons and variations to all these models but all are plausible. The latter two solutions would take significantly longer to deliver and particular attention would need to be given to the tax implications for the Council e.g. maintaining the Council's current freedom from Corporation tax and partial exemption from VAT. Without that the Council receipts may be reduced or additional charges passed onto stallholders.

### *d.3.2 Option 1 – Prudential borrowing*

The first option - prudential borrowing and direct development - has never been more attractive than today. The cost of borrowing has never been cheaper for a Council and some Market authorities are taking the opportunity to implement “enabling works” packages i.e undertake the pre-building contract tasks to unlock their frozen Market development schemes. This leaves them with the option of taking advantage of investor interest as and when the economy improves. Some Market Authorities are taking this one stage further and developing the project through to completion.

Under this option there would be good interest from Market Operators to run the Market on a fee-based management contract but this would still leave the Council with the need to inject the working capital and appoint the development team and take the development risk of cost overruns etc.

### *d.3.3 Option 2 – Transfer into an ALMCo*

The second option of transferring the asset into an ALMCo or Management Trust is on the face of it plausible because of the preferential tax arrangements which they enjoy. But once transferred the actions of the independent trustees may be at odds with Council objectives to maximise returns. The same might apply equally to a Social Enterprise e.g. a Not-for-Profit Company or Co-operative which could be at odds with the Council’s need to secure best possible return from the transfer.

Such arrangements usually need to be “pump-primed”, either by the immediate sale of part of the asset by the transferee (e.g. Borough Market, London) or by the Council standing as guarantor to external borrowings. Without this they will be unable to secure working capital. It is highly unlikely a “White Knight” would step in from elsewhere as we know those who have are now having second thoughts.

### *d.3.4 Option 3 – Partnering and delivery by Joint Venture*

The third option is to deliver by partnering. The attractions of the Preston situation to a development partner would be:

- The new development site is already in the ownership of the Council
- Letting risk is minimal thanks to prelets (i.e. continuity of trade) and downsizing
- Partnering would secure an option to develop out the former Market Hall site.

We are regularly contacted by investors and developers interested in Market-related developments and have soft-tested their interest. We know the quantum of the revenue line and it’s reversionary potential is of definite interest but their overriding concern would be to create an autonomous management structure free of political influence which enables them to realise the full potential of the asset. This might be at odds with the political priorities of the Council.

#### *d.3.5 Limited Liability Partnerships*

If partnering is adopted the legal vehicle for such a Joint Venture is - for tax reasons – a Limited Liability Partnership. Quarterbridge has undertaken extensive research into the practicalities in conjunction with Nabarro Solicitors. This is a suitable vehicle to share both risk and return whilst preserving the Council's exemption from Corporation tax and partial exemption from VAT. An LLP was used by Glasgow City Council to redevelop their Wholesale market.

Partners in an LLP would be cautious unless day-to-day control was exercised pro rata to the equity holdings. In return for injecting the majority of the development capital they would expect to exercise management control and secure profits pro rata. As regards voting rights a Council veto would not be acceptable but a deadlock or "put and take" arrangement would be open for discussion. So would mutual pre-emption rights. The partner might also be looking to the Council for a loan guarantee or leaseback to help them secure external borrowings but would accept a profit-slicing arrangement – this is a well-understood arrangement in private sector partnerships.

#### *d.3.6 OJEU and risk sharing between the partners*

To attract a credible partner it would be helpful if the Council retained a share of the development risk. This would largely be restricted to the build cost and interest charges. The site cost is already owned by the Council and most of the development would be prelet. The simplest solution would for the Council to inject part of the working capital, maybe in the form of assets e.g. the residual book value of the Market Hall site rather than cash. It would be desirable for the development partner to pick up building cost overruns. Partners would be concerned about the TUPE cost of staff transfers but these simply represent actuarial costs. When Quarterbridge negotiated the acquisition of a licence to operate the Markets from Luton Borough Council we were able to minimise these costs by gaining admitted status to the Council Pension Fund. Another concern would be as-yet-unidentified repair costs but these can be minimised by detailed investigation of the building.

The OJEU issues associated with offering the development opportunity deserve careful consideration as does the procurement of the works contract. A Contractor/Developer partner in particular may be worried about the application of OJEU procurement rules to elements of the works but there are strategies to avoid this e.g. granting a long lease to create a deemed disposal.

OJEU would certainly apply to offering the development partnership so the procurement timeline would need to be built into the project programme.

These then are the forms of funding stream we would recommend. We could not recommend the "Design, Build and Finance" arrangements suggested by some building contractors. These are better suited to simpler, repetitive developments such as schools where the requirements are far less demanding. In our view the Design & Build approach would not deliver a successful Market development.

### *d.3.7 Potential Market operators*

From soft-testing of interest for other projects we believe there are only three potential Market Operators who would be credible partners and we could recommend. All of them would doubtless express interest in the project and be keen to secure a management contract, but in reality their balance sheet position would restrict them from offering significant capital injection. Their interest would probably be back-to-back with passing on the risk to a developer or a developer/contractor. This is a small pool from which to secure a partner.

In view of this we have canvassed interest from asset managers and large building contractors/developers keen to secure a foothold on long-term regeneration projects. This pool of would-be partners is clearly much larger and has the potential to deliver a partnership provided the follow-on development of the former Indoor Market site is offered as a “carrot”.

The criteria for selecting a partner should be wider than whether or not they have experience of Market developments. They should include:

- Experience of developing and operating retail markets
- Track record of delivering complex multi-phase building contracts
- Track record of delivering complex development agreements
- Ability to finance from or secure against their balance sheet
- Willingness to deliver free of leaseback or guarantees from the Council
- Willingness to accept novations and assume preceding liabilities

From soft-testing we know there is no lack of funding available – particularly so if the Council is prepared to offer its covenant by way of leaseback or take an equity position. We are confident a credible development partner could be found.

### **d.4 Future management options for the Foodhall and Covered Market**

As mentioned before, we regard the existing management performance as acceptable given the modest resources to which they have access. There is limited potential to increase utilisation of the asset but we do recommend the adoption of trading accounts and retaining a sensible proportion of revenue for Marketing and Promotion at the manager’s discretion. As regards future management the first option is to maintain the existing direct service provision using directly-employed staff supplemented by agency staff when necessary. Security, cleaning, waste management and stall-handling can be outsourced but core administration and accounting duties would remain in-house. Post-development the increase in activity will need an intensified management regime but those costs would be fully recoverable through the service charge once the current concessions are removed. This is the option we favour.

The second option is to outsource all the management functions on a fee basis to a private Market operating company. This can be structured to include TUPE transfers but in our experience is more suited to multi-site Market operations where costs and staffing need radical pruning. That is not the case here.

The three Market Operators we could recommend would doubtless express keen interest in this opportunity and probably make it a precondition to a joint venture but they are not the only



potential partners. In this case we would be reluctant to recommend a management contract in the absence of equity injection by the operator.

The third option is to devolve the management function into an ALMCo or LLP - if the Council opts to use one to deliver the project. It is simple enough to write an obligation to accept TUPE transfers into a JV agreement but that is predicated by the decision to enter into a JV. The advantage here is the JV partner is incentivised to improve the management because of his equity stake.

## **d.5 The future of the Covered Market**

### *d.5.1 Use of the Covered Market*

The Covered Market comprises two structures, the smaller of which is the Fishmarket. Both are used to stage a “general” Open market incorporating partial use as a “Flea” (secondhand goods) market and as a venue for Carboot sales. Utilisation of the asset is good, largely because of the weather protection the roofs provide.

We see no reason to change the pattern of useage as the 6-day trading pattern supports the indoor Market Hall. Occupancy levels in the Fishmarket are poor so if that structure was - as tentatively proposed as one of a number of options - converted into a replacement for the indoor Market Hall then displaced traders could be accommodated in the larger covered structure.

### *d.5.2 Improvements to stalls*

The trestle and board arrangement used on the Covered Market is cheap to operate as the capital costs are low and the equipment can be left in situ overnight. This avoids significant capital cost and setting-up costs. This arrangement is in common use elsewhere and despite the occasional theft works reasonably well. We are not aware of a cheaper method of operating a Landlord-provides-the--stalls operation on an Open Market which does not increase costs or restrict flexibility in use.

The provision of stalls by the management attracts a larger number of Traders than one would see if each had to provide their own unit. It does still allow for them to use their own stall so we suggest the existing system is retained.

### *d.5.3 Servicing and storage requirements*

Servicing Open Markets is achieved by Traders vans delivering direct from the public highway. This suits their style of business and cannot be changed. The ability to park adjacent to or upon the Market is a great attraction for Traders and should be retained until the “nice” problem is encountered of their displacing stall space.

In order to keep the public realm looking attractive out of trading hours we recommend an off-site storage area is provided for waste bins. This would be addressed by the space planning exercise.

#### *d.5.4 Utility requirements*

Water from a communal tap and drainage to a communal gulley are sufficient for the Open Market. It would greatly improve the attraction for Traders and the Shoppers if dedicated 240v electricity supply outlets were provided in conjunction with the structural refurbishment. These can double-up for Christmas decorations and decorative lighting festoons over stalls and encourage late night attendance. Traders would be obliged to use 240v/110v step-down transformers if using electricity on their stalls.

#### *d.5.5 Additional out-of-hours uses for the Covered Market*

As the Covered Market structure provides permanent weather protection it has obvious potential to stage events and entertainment both during and outside trading hours. However, given that the Market enjoys a six-day trading pattern the physical space available may be restricted.

Retaining the trestle and board arrangement would ensure the Covered Market can be cleared for other uses quickly. Provision of a PA/Sound system and demountable stage could easily be incorporated into the design of an architectural windbreak which makes the Covered Market more user-friendly in poor weather.

Events and entertainment on the Covered Market would attract additional visitors if staged during trading hours but experience confirms their organisation is time-consuming and should be delegated to others than the Market management.

In the appendix we have shown examples of the range of attractions and a 12-month calendar of events which could be staged both during and outside Market trading hours.

### **d.6 Alternative uses for the Fishmarket**

At the present time we have not been able to identify any other uses for the Fishmarket than either continuing use as an Open Market, a staging place for events and entertainment or conversion into a Foodhall.

### **d.7 Future useage of the Flag Market**

The Flag Market provides the physical space to accommodate large scale public events such as Showmans Fairs but remains relatively remote to the Covered Market and Market Hall. As such it's use should be restricted to large scale public events and it should not become the venue for day-to-day events aimed at creating regular additional footfall. Even periodic Farmers Markets and events such as "Continental" Markets should be positioned within the Covered Market in preference to the Flag Market or it's surrounding streets.

Established Market Traders will doubtless complain about being moved around to accommodate an event but they will welcome the additional footfall they generate. If an event is to be staged it should be staged in a location which creates footfall as close as possible to the Market.

#### **d.8 Town Team initiatives and partnering to develop Arts & Crafts**

As the Wholesale industry has shrunk and the number of non-food traders reliant upon it has fallen we have seen an increasing number replaced by Arts & Crafts (“Artisan”) and IT-based service uses. This is easy to accommodate within new Market developments and some such as Accrington now offer an Enterprise Haven operated in partnership with the local Enterprise Trust. These act as “business nurseries” to the benefit of both the Market and the town as a whole.

The Portas report and DCLG Town Team competition recognised the role of Markets in nurturing new enterprises. Quarterbridge continues to support various Town Teams using Markets to improve their High Streets and we promote the provision of so-called “Nursery space” in new Market developments. We recommend the possibility of partnering to provide such a facility within the Market and have worked in the past with Creative Lancashire, the Lancashire County Council sponsored business development organisation.

Other potential partners include the University of Central Lancashire who might welcome an outlet for students on vocational training courses, a Local Enterprise Trust, Preston BID or charitable bodies such as the Princes Trust and Young Enterprise. We recommend exploring the possibilities.

#### **d.9 Servicing and improvements to the Public realm**

Designing an Open Market is as much about designing for when the Market is *not* trading as for when it *is*. The public realm needs to look as good on non-trading days as when the Market is standing. As Preston Covered Market is not staged on a public highway this task is made much easier. The operational intent is to maximise use of the Covered Market structures i.e. trade 7-days per week all year round, not just during the Christmas period. Only the associated Foodhall would trade 6 days with Sundays as a management-operated EPOS offer. Keeping the adjacent public highway free of unnecessary vehicle movements and parking should be the objective.

Improvements to the adopted highways e.g. roadways and pavements will need detailed agreement with the Highways Authority. These could be made far more pedestrian-friendly by enforcing Market management regulations which only permit deliveries and access out of core trading hours only e.g. “Vans off” by 8.30am and “Vans on” only after 4.30pm. This is standard practice to reduce Health & Safety risks. Additional Traffic Regulation Orders should be sought to reduce private vehicle movements in the vicinity during trading hours and to relocate the parking spaces allocated to disabled persons alongside the Covered Market into a replacement MSCP.

The intention should be provide bus stops and taxi bays adjacent to the new Foodhall together with a customer collection facility. A customer information point and welfare facilities for bus drivers could be provided as part of the new design.

Parking space for Traders vans will be lost if the existing Market Hall is demolished. Instead a double-height ground floor should be included within a new multistorey carpark with parking permits for commercial vehicles provided in the interim. Details of street furniture and paving

would need to be agreed with the Highways authority but the scope of such improvements need not be extensive.

## **d.10 Redevelopment of the Market hall / MSCP site**

### *d.10.1 The preferred mix of uses*

When the former Market Hall site is redeveloped a daytime anchor attraction would be most beneficial for the relocated Market. A mixed-use development anchored by a Post Office and containing residential, commercial and medium-format shops would be the first choice, with an in-town format Supermarket or bulk discounter plus residential etc the second choice. The daytime footfall they generate would be welcome to the Stallholders and Traders in the (differentiated) Market.

### *d.10.2 Shoppers carpark*

The former Market Hall site should incorporate a public carpark which remains under the control of the Council and not under the control of a.n.other. This is needed to match the free parking of supermarket competition and replicate the current attraction. Achieving this would be easiest by granting evening use to a Cinema operator. The other option of relinquishing ownership whilst retaining a planning consent which favours use by Shoppers does not in our experience work.

We consider replacement of the public carparking provision on the former Market Hall site to be essential to the sustainability of the new Market. We have not been able to identify any alternative site which would be equally suitable.

### *d.10.3 Delivery options*

On the assumption the Council does *not* opt for direct development then our recommendation is to widen the net for potential partners by including a development opportunity on the former Market Hall site in the partnership. This would represent a second-phase profit opportunity for a potential partner and attract a wider range of interest. This approach to procuring a replacement Market Hall has been adopted by Warrington Borough Council as part of their town centre redevelopment proposals.

## **d.11 Additional recommendations**

### *d.11.1 Securing an "Anchor" use*

Changing retail patterns means many Markets have lost their traditional footfall "Anchors" - as happened in Preston with the relocation of the City Centre Post Office. The significance of this is often overlooked by Market Authorities whereas Supermarkets recognise their worth and actively buy-in licences for dispensing pharmacies etc. Sheffield City Council has been one of the few Authorities who have introduced a Sub Post office into one of their Market Halls to excellent effect.

Our recommendations involve securing both an Anchor use and ensuring public welfare facilities (WC's etc) are provided within the new design. Concessionary terms should be offered to secure an Anchor if necessary.

#### *d.11.2 Potential development for Student accommodation*

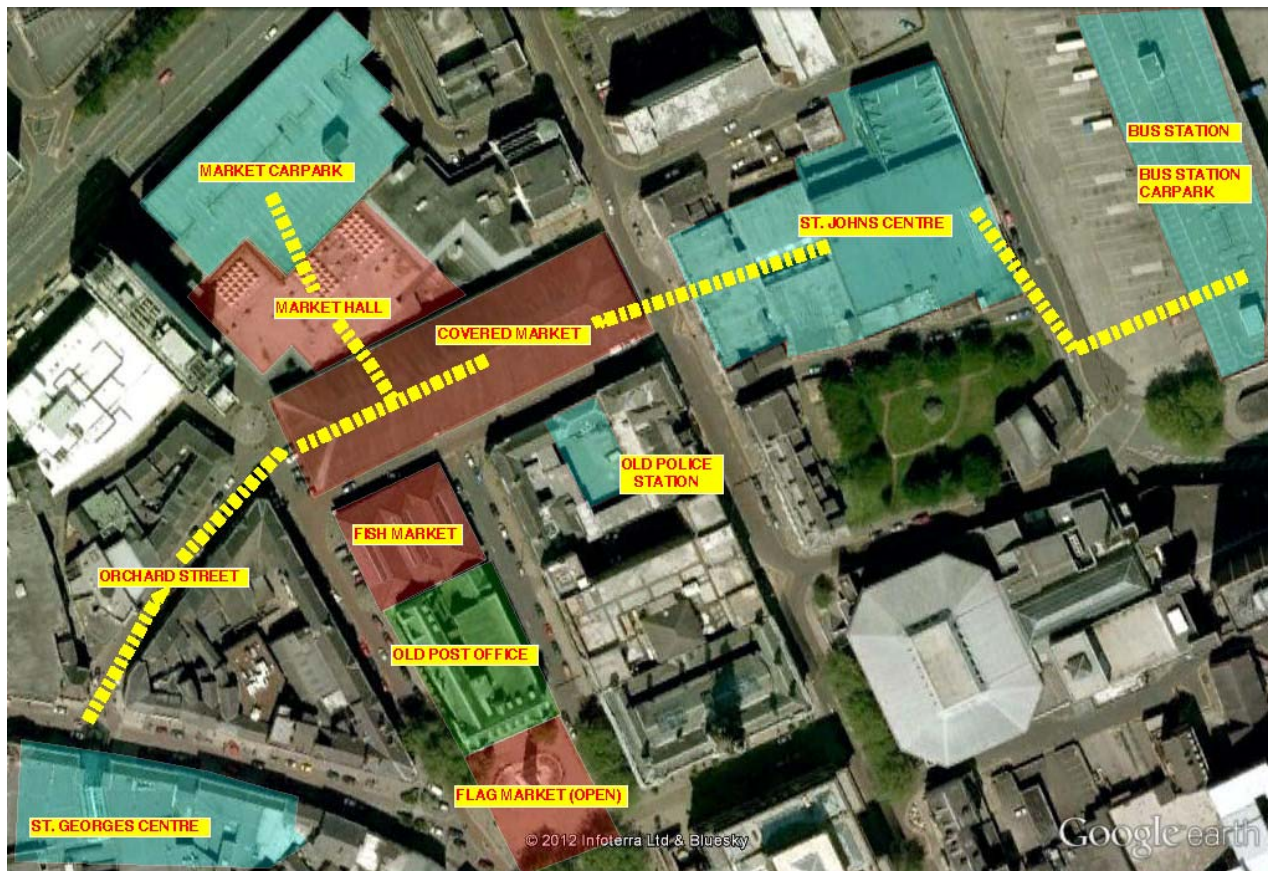
We have received interest from specialist developers interested in developing student accommodation in association with Market developments. Students and Markets “go well” together and there could be potential to deliver purpose-built student accommodation in the airspace above a mixed-use scheme on the former Market Hall site. The proximity of the University of Central Lancashire could make this a possibility so we suggest this is explored when evaluating the partnership options.

#### *d.11.3 Relocation of perimeter shops*

The perimeter shops surrounding the Market Hall create valuable additional critical mass and footfall for the Market as well as supporting the revenue line. They provide space for relatively bulky goods e.g. luggage which is difficult to display on an Open Market and undesirable within a Foodhall. We recommend they are offered continuity of trade and relocated into similar lock-up units located adjacent to the new Foodhall. Their location should be such as to allow them to trade as lock-up units directly onto the street.

## APPENDIX 01:

### PRESTON CITY MARKETS - COMMENTARY



#### Footfall and Phasing:

The Markets enjoy a very strong pedestrian flow circulating between the Bus station, Multi-storey Car Park, Orchard Street and St. Georges Centre. The roof weather protection is a unique asset and fundamental to the viability of the Open Market and Car Boot sales. The Flag Market is the obvious venue for special events but too isolated from the Covered and Indoor Markets to provide much support. If “Speciality” Markets and events and entertainment are to be staged these need to be closer to the Market Hall.

The Indoor Market Hall retains an excellent fresh food offer which acts as its “Anchor” but is not supported by any other anchor apart from the multi-storey car park. Introducing additional “footfall-drivers” needs to be an objective of improvement works.

A viable footfall route must be maintained during any building works. Likewise the works must be phased to maintain continuity of business for Traders and Stallholders alike. This is challenging but achievable with good pre-contract and financial planning. The Old Post Office and Police Station offer possibilities for temporary storage space during improvement works and a longer-term solution for servicing a Food Hall within the Fish Market structure. The Covered Market structures are historic listed buildings so the potential for HLF etc support needs to be investigated as does the approval of English Heritage for the improvement works.

The impact on the revenue line of rental concessions granted in support of continuity of trade needs careful modelling.

**APPENDIX 02:**



1. Indoor Market Hall



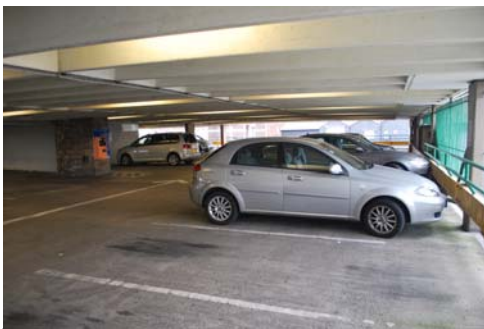
2. Covered (Open) Market



3. Fishmarket – Old Post Office beyond



4. Flag Market



5. Market Multistorey Carpark

**MODERN MARKET AND FOODHALL DESIGN**



6. Bury Fish and Meat Hall: A very successful design operating alongside an Open Market



7. Bury: Fitted display counters, open sightlines and backup coldrooms behind the stalls





## APPENDIX 03:

### APPROVED AND PENDING SUPERMARKET CONSENTS



The brief included a requirement to comment on the likely impact upon the Market operation of two approved and one pending planning consent for supermarket developments – summary below. We have reviewed the three supermarket consents referred to and comments are contained within the body of our report.

The planning conditions are straightforward enough. Given the location and size of the pending outline application ref.06/2012/0279 for Queens Retail Park this deserves careful study due to impact on the City centre footfall pattern. Noted there are no impact mitigation conditions published and it has been referred to the Secretary of State.

**1. Queens Retail Park, Queen Street, Preston PR1 4HZ** Applicant: Brookhouse Group

*Application 1 - approved*

Full application ref. 06/2011/0628 received 02.08.2011 - 8,676 sq ms total mixed retail use, inc. anchor store 3,820 sq ms. Approved 02.03.2012 subject to S.106 – not available online yet.

*Conditions:*

Anchor store not to exceed 3,820 sq ms net. Comparison goods restricted to 1,337 sq ms and convenience goods to 2,483 sq ms. Carpark management strategy to be approved.

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=98313>

*Application 2 – Minded to approve. Referred to Secretary of State*

Outline application ref.06/2012/0279 received 05/04/2012 – 19,956 sq ms total mixed retail use, inc. anchor store 10,938 sq ms.

*Conditions:*

Application pending but minded to approve – referred to Secretary of State

No proposed conditions online.

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=102724>

**2. James Hall & Co Site, Blackpool Road, Ribbleton** Applicant: James Hall & Co. (for Morrisons)

Outline application ref. 06/2011/0681 lodged 19.08.2011

Food store 3,338 sq ms + carpark + service yard + Petrol filling station

Newbuild or refurb. 39 no. affordable housing units, allotments & community facility

Approved 02.07.2012, subject to S.106 (completed 02.07.12)

*Conditions:*

Comparison goods sales not to exceed 20%

Opening restricted to 0700 – 2200hrs Mon./Sat. and 10.00-1800hrs Sunday

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=98644>

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=109544>

**3. Cottam Brickworks, Cottam Avenue, Preston** Applicant: Tesco Stores / Cottam Hall Props.

Full application ref. 06/2009/0499 lodged 16/07/2009 with outline application for adjacent residential, Offices and Restaurant etc.

Food store 4,366 sq ms + carpark + service yard + Petrol filling station + Local nature reserve +Marina

Newbuild 206 residential units, Offices 4,186 sq ms, Restaurant/Public house 314 sq ms, other commercial uses 829 sq ms.

Foodstore application approved 08/03/2012 subject to S.106.

Outline application approved same time for Residential, Offices and Restaurant etc.

*Conditions:*

Convenience goods sales to not exceed 2,109 sq ms. Comparison goods not to exceed 947 sq ms

Both subject to S.106 agreements – not posted online as yet

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=83646>

<http://publicaccess.preston.gov.uk/portal/servlets/ApplicationSearchServlet?PKID=110643>

## APPENDIX 04:

### Target User-Mix

The following is an *extract* from our target User-Mix schedule which is used as a benchmark to measure the diversity and variety of a Market and by implication it's sustainability. Some retail uses do not work at an upper floor level so those levels tend to be more catering, artisan and service use-oriented e.g Internet Cafe, craft jewellery or an Enterprise Centre.

Design improvements can create the right physical environment but need to be supported by management initiatives encouraging stallholders to develop their business. Quarterbridge encourages partnering with business support groups such as the NMTF and Princes Trust and offers a business development programme in partnership with the Federation of Small Businesses.

A reluctance to diversify into new, profitable lines has been the death of many High Street businesses and the same applies to Market halls. Fresh food will remain the core attraction because of the good profit margins which can be created through product skills – e.g. a butcher. By contrast, too many non-food stallholders are over-reliant on a shrinking wholesale industry and the trend is for them to be replaced by service-based and Arts & Crafts-type uses, the best of which are developing their online sales whilst using the Market as their low-cost “showcase”. Management must take positive steps to secure businesses which add value at the stall or are exceptionally good at buying-in a unique product with good profit margins. Over-reliance on wholesalers must be avoided and the offer differentiated from that available through the supermarket competition.

The importance of securing an “Anchor” – on concessionary terms if necessary – cannot be overstated.

#### Cat.1 - ANCHOR

Sub-Post Office  
Dispensing pharmacy  
One-stop Council shop  
Lottery stall  
Walk-in NHS surgery  
ATM's / Cashpoints  
Community Radio Station  
Enterprise Haven / Serviced offices  
Internet business centre  
Arts & Crafts manufacture  
Confectioner Tobacconist Newsagent  
Wines & Spirits off-sales  
Sunday-opening EPOS area  
Public WC's

#### Cat.2 - FRESH FOOD

Fishmonger  
Shellfish  
Halal / ethnic meat  
Butcher  
Delicatessen

Game merchant  
Poultry  
Bakery / finishing Baker  
Patisserie / cakes  
Rotisserie chicken

#### Cat.3 - FRUIT & VEGETABLES

Greengrocer  
Fruit and vegetables  
Ethnic ingredients  
Nuts / vegetarian

#### Cat.4 - DAIRY

Dairy / cheese / eggs / yoghurt  
Patisserie / fresh cream cakes

#### Cat.5 – PRESERVES & DRY GOODS

Confectionery / sweets  
Curry shop  
Baking ingredients

## APPENDIX 05:

### Events and Entertainment Programme

The following is an *extract* from a suggested 12-month calendar of planned events and entertainment associated with the Market operation. This should be co-ordinated with City Centre manager and/or Events and Promotion manager - see our comments in the body of the report as to who should organise such events. The calendar should be published at least 12 months in advance and take account of key days for the Market e.g. School holidays, Bank holidays, planned events, pre-Christmas Sunday trading etc.

#### 1. ANNUAL EVENTS & ENTERTAINMENT

*(By local custom and tradition)*

Charter fair (local date - varies)  
Showmans fair (local date - varies)  
Family circus  
Shrove Tuesday pancake races (varies)  
Easter parade / fair (April - varies)  
St. Georges Day parade (April - varies)  
Mayday festival  
Martinmas / Michaelmas Mop fairs  
Folk and Fringe comedy festival  
Jazz and Blues festival  
Folk dance / Music festival  
Pet show / Dog show  
Food & drink / beer festival (celebrity chef)  
Armed services day / band & march-past  
Olympics festival / half-marathon / fun-run  
Christmas lights / lantern parade  
Inter-school choir / Christmas concert  
Christmas Market / Santa's Grotto

#### 2. SAINTS DAY FESTIVALS, FAIRS AND HOLIDAYS

*Calendar dates vary and need to be checked*

Candlemas day – 2<sup>nd</sup> February  
St. David's day - 1<sup>st</sup> March  
St. Patrick's day - 17<sup>th</sup> March  
Lady day – 25<sup>th</sup> March  
Easter Fair - mid-April (varies - after Easter Sunday)  
St. George's day - 23<sup>rd</sup> April  
Rogation Sunday – 1<sup>st</sup> Sunday in May (varies)  
Whit Sunday – mid-May (varies )  
St. John's day – 24<sup>th</sup> June  
St. Peter's day – 29<sup>th</sup> June  
St. Swithun's day - 15<sup>th</sup> July  
Lammas day - 1<sup>st</sup> August

St. Bartholomew's day – 24<sup>th</sup> August  
St. Matthew's day – 21<sup>st</sup> September  
Michaelmas - 29<sup>th</sup> September  
Martinmas / Remembrance Day – 11<sup>th</sup>  
November  
St. Andrew's day (30<sup>th</sup> November)

#### 3. THEMED EVENTS - HISTORICAL AND RELIGIOUS

*Dates vary so need to be checked*

Valentine's day - 14<sup>th</sup> February  
Shrove Tuesday - 24<sup>th</sup> February (varies)  
Commonwealth day – March (varies)  
Mothering Sunday – March (varies)  
All Fools day – 1<sup>st</sup> April  
Europe day – 9<sup>th</sup> May  
Queens birthday (Official) June  
Summer solstice / Longest day – 21<sup>st</sup> June  
Midsummer day (St. John's day) – 24<sup>th</sup> June  
Fathers day – 3<sup>rd</sup> Sunday in June (varies)  
Armed Forces day – 27<sup>th</sup> June (varies)  
Rosh Hashannah - (varies - 5<sup>th</sup> Sept.-5<sup>th</sup>  
October)  
Eid-ul-Fitr – c.21<sup>st</sup> September (varies)  
Diwali – October / November (varies)  
All Hallows day ("Halloween") – 31<sup>st</sup> October  
Bonfire night – 5<sup>th</sup> November  
Remembrance Sunday – November (varies)  
Al Hijra (Islamic New Year) – December (varies)  
Chinese New Year – mid-January (varies)

## APPENDIX 07:



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