

HIGHLIGHT REPORT: Market Hall Redevelopment

Work stream Lead: Mark Perris
Work stream Sponsor: Simon Riley

Brief Description of Workstream

Financially sustainable redevelopment of the Market Hall, to develop an increasingly commercial return, and ultimately to outsource market management activity.

Action 8. Delivery & Income Workstream

Period Covered From/To: 1st December 2013 – 10 February 2014

Current Status: **Red** **Amber** **Green**

Interdependencies Identified	Action Taken to Date
HR Implications	
Financial Implications	Updates provided to project board monthly.
Legal Implications	Prepare legal proposed leases and licenses.
ICT Implications	
Customer Service/Communication Implications	Communications strategy under development and review.

Actions Completed**Vacant Possession**

Vacant possession was obtained on 5 January 2013 following a successful exercise to terminate all existing traders leases. Compensation cheques were issued to all those traders who met the criteria.

Refurbishment Works

Construction Works commenced on 6 January 2014 following their appointment in November 2013. A full contractors report is attached.

Lettings

The Executive approved the criteria for traders, letting brochures/website, optimum tenant mix, new market regulations and shoppers charter, tenant fit out guidelines and proposed rental levels on 20 August 2013. Initial meetings have been held by Quarterbridge with all existing traders to discuss opportunities to trade within the new market. A schedule of units currently under offer is attached with the Lettings Update. This is an exempt item as it contains commercial offers subject to formal leases. Market Place have commenced work to secure casual traders for the “pop up” stalls.

Interim ArrangementsThe Square

There have been a few minor issues with electrical supply but in general there has been a positive response to the venue, with the footfall in this area having increased during the period the market has been situated on The Square. Whilst we have one existing business in the vicinity reporting trading difficulties, in general, the other stores in the vicinity have shown an increase in trade. There is also anecdotal evidence to show that trading in St Marys Place has been lower on Tuesdays.

<p><u>Welland Park School</u></p> <p>There have been some trading difficulties due to location out of town and a more limited offer, as the number of stalls was reduced to c. 26 (this was a choice made by the Antiques Traders as a group to retain the same space per stall but have a reduced number of stalls). HDC have improved the signage as far as practical and the Fair was promoted as part of the advertising campaign on HFM.</p>
<p>Market Management</p> <p>Market Place were originally appointed for the period through to re-opening, however, this will be extended through until July/August 2014 when the new management arrangements will commence. This provides continuity for existing traders who have built a good relationship with Market Place.</p> <p>The tender process for the longer term management will commence in February 2014 with a 6-8 week period. This will be undertaken on an electronic system helping to ensure that all information is distributed equally and any queries raised and the responses thereto are shared with all parties.</p> <p>The contract has been advertised in trade journals over recent weeks, and several expressions of interest have been received.</p>
<p>The Communications Strategy has been developed to ensure a positive message is delivered and that suitable promotion opportunities are realised and will be subject to continual review. Market Place are currently preparing a plan for an opening event.</p>

Next Actions	Milestone Date
Pre-letting works will continue with a view to securing a broad range of occupiers as outlined in the optimum tenant mix.	On going
Promotional activity for the re-location will be undertaken.	November 2013 – March 2014
Discussions will be on going with existing traders regarding interim and future arrangements.	On going
Trader recruitment process to recruit suitable traders to the market and ensure high level of occupancy at re-launches.	06 May 2013 - 21 March 2014
Construction works to Market Hall.	06 Jan 2014 - March 2014
Market Hall Re-launch.	07 Apr 2014

Issues	Action Taken
Holiday provision removed from future agreements with traders. Traders have expressed dissatisfaction with decision.	New lease does not provide for holiday provision. Discounting for the first two years proposed instead to encourage successful market

Significant Risks to Achievement of Objectives				
Risk	Mitigating Actions	Owner	L	I
Financial model not achievable for Market Hall building (high cost	Develop fully tested business case supported by expert advice.	Simon Riley	4	3

OR low income).	Reviewed rental levels and a reduced rental schedule for Years 1 and 2 has been implemented, which still meets the original business case requirements. Ongoing monitoring of lettings process.			
Market Hall operating models not sustainable in terms of in-house staffing resources once completed.	Service redesign to incorporate requirements of effectively managing the market after the redevelopment phase has been completed.	Mark Perris	3	3
Market Traders lose support for the project through the period of redevelopment.	Better communications to be established with the traders through formal and informal mechanisms. Monthly meetings to be reinstated and honoured.	Mark Perris	3	3
Complaints arise during the redevelopment work due to disruption to the market.	A Communications Plan to be established to inform Market Hall users of the works and the desire of an improved Market Hall for the future.	Mark Perris	3	3
Inability to secure a long-term partner than can deliver the desired financial results for HDC. Due to current trading conditions for retailers	Improvements made to the Market Hall in the short to medium-term through the redevelopment and improved management.	Mark Perris	3	3
Financial Risk associated with statutory compensation process.	Draw down for Reserves	Simon Riley	2	3

KEY

Identifier
Description
Impact

Unique code
Description of the risk
Effect on the project/programme/organization if the risk were to occur
1: negligible
2: marginal

Likelihood

- 3: critical
- 4: catastrophic
- Estimate of the likelihood of the risk occurring
- 1: almost impossible
- 2: very low
- 3: low
- 4: significant
- 5: High
- 6: Very high

Appendix
 The Square Footfall Data – 11 February 2014

