

Agenda Item	9
Report No	CIA/20/18

HIGHLAND COUNCIL

Committee:	City of Inverness Area
Date:	31 May 2018
Report Title:	Inverness Common Good Fund Victorian Market, Inverness – Action Plan – Annual Report
Report By:	Joint Report by the Director of Development and Infrastructure and the Inverness City Area Manager

1. Purpose/Executive Summary

- 1.1 At the meeting of the City of Inverness Area Committee (CIAC) held on 19th June 2017, ([City of Inverness Area Committee | The Highland Council](#)) Members approved:
- the Action Plan (attached to the above Weblink);
 - the Management Arrangements described in **Appendix 1**;
 - the Lettings Framework detailed in **Appendix 2**;
 - to the Inverness City Area Manager taking necessary steps to provide for the Council to engage a Market Manager and;
 - the establishment of a new Victorian Market Stakeholder Management Group;
- 1.2 This report updates Members on the progress that has been made on the development and delivery of the Action Plan. Approvals are invited to allow the delivery of the Action Plan to progress.

2. Recommendations

- 2.1 Members are asked to:
- i. agree to the continued development of the 'Branding' of the Victorian Market as described within the report;
 - ii. agree to the development of a Business Case for the remodelling of the Market Hall;
 - iii. Note the draft project programme attached at **Appendix 3** and that further reports will be presented to the City of Inverness Area Committee to progress the project programme as required: and
 - iv. otherwise note the contents of this report.

3. Introduction

3.1 The Victorian Market (The Market) is an Asset of the Inverness Common Good Fund (the Fund) and is managed by the Council on behalf of the Fund. The Council is under a duty to ensure that Fund assets are managed efficiently and effectively to produce a Market Value rate of return. Resources are targeted on:

- managing the tenancies so that they produce a Market Value rate of return;
- managing the daily operation of the Market through the provision of onsite Facilities Management Services; and
- ensuring that the fabric and structure of the Market is maintained.

3.2 Jo Murray was appointed as The Victorian Market Manager on 20 November 2017. Since then, focus has been on securing the future viability of the Market. Progress has focussed on the following:

- establishing strong relationships with Market retailers, partners and members of the Victorian Market Stakeholder Management Group;
- developing a co-ordinated approach to marketing;
- establishing a website;
- working up a Market Branding Plan;
- delivering physical improvements to the Market; and
- developing plans to deliver major projects for Market shopfronts, The Market Hall and the Academy Street entrance.

3.3 All work is underpinned by the duty to ensure the long term sustainability of the Market as an asset of the Fund.

4. Building Relationships

4.1 Market Retailers

Strong Partnerships are at the heart of ensuring that the Action Plan progresses at pace. From her office within the Market, the Victorian Market Manager, has ensured that operational delivery supports the viability of Market Retailers. Regular meetings take place with Market Retailers who are kept apprised of progress on the projects in development. A good exchange of views takes place as these meetings are used as an opportunity to guide progress through the Victorian Market Stakeholder Management Group.

4.2 Victorian Market Stakeholder Management Group (The Group)

The Group meets regularly (approximately every 6 weeks) with the Action Notes going to the CIAC for noting. Scrutiny is applied to the delivery of the Action Plan and suggestions made are taken into account in the planning of all aspects of the delivery of the Action Plan.

4.3 **Appendix 4** lists the current membership of the Group.

4.4 Delivery of the Action Plan

The Group has concentrated on:

- **The Market as a Centre of Business** – This has led to implementation of the Lettings Framework. (**Appendix 2**) New tenants have been attracted to the Market and **Appendix 5** gives the current occupancy rates.

- **Wider Benefits to the City and the Highlands** – Linkages are being developed with the City Priorities and the Action Plan. The Market is being developed as a year round destination for Tourists and Local Shoppers, and is being promoted to cruise liner passengers in particular to make best use of the increase in Tour Bus- based visits to the City.
- **Physical Improvements** – Access, Signage, Entrances, Opening Hours, and Shop fronts are under consideration, with a view to improving frontages and opening units outwards where possible.
- **A Media partnership** is part of the Action Plan to ensure the public are aware of improvements being made and to generally promote the Market. **Appendix 6** provides an update on the promotional activity undertaken through various Media outlets.
- **Management and Events/Branding** – Now that there is dedicated Management; focus is on the interim branding of the Market. **Appendix 7** shows this interim brand and the plans to develop the brand going forward.

4.5 The Group has met approximately every 6 weeks. This has enabled the delivery of the Action Plan to be progressed.

4.6 The Key Headline remain relevant today, these are;

- a **valued and key asset in Inverness City Centre** that acts as a driver for change and investment;
- a **recognised ‘Victorian Market’**, with a well-defined identity in terms of its physical appearance, core offer and atmosphere;
- a **location of choice for high profile Scottish brands**; and
- a **destination of choice for locals and visitors alike**.

4.7 The operational management of the Market delivered by the Victorian Market Manager is also making crucial contribution to delivering these objectives.

4.8 Evidence of progress is as follows:

- a consistent approach to the appearance of the Market, including entrances and shopfronts is being progressed;
- flexible space within the Market to accommodate different activities and events is planned, which would complement and enhance the Market’s regular offer, including adding facilities such as toilets; and
- Through the use of the Lettings Framework, taking an active approach to attract new occupants of the Market whereby producers and brands that are deemed to be a good fit with the Market’s aspirations are pursued.

4.9 Experience from elsewhere strongly suggests that the following are important drivers for success:

- local produce is a key driver for many markets;
- affordability of merchandise is critical to a regular user base;
- attractive displays form an important part of the market experience for users;
- events and festivities;
- well serviced and promoted;
- distinctive experience; and
- used by locals and visitors alike.

4.10 As part of the study on improvements to Inverness Railway station, a fact finding tour

of Altrincham, Greater Manchester, took place earlier this year. Altrincham's local Market has been rejuvenated through innovative investment and marketing.

Appendix 8 describes how the work done in Altrincham is helping provide inspiration.

5. Next Steps

- 5.1 Depending on any necessary approvals, the following will be progressed in the year 2018/19;
- i. Opening Hours/Sunday Openings
 - ii. Activities/Events
 - iii. Marketing
 - iv. Branding
 - v. Academy Street Entrance - refurbishment
 - vi. Improvements to remaining entrances
 - vii. Shop Fronts
 - viii. Market Hall
 - ix. Lettings Framework - delivery
- 5.2 In addition the collaborative approach taken through the Group with the support of Inverness Business Improvement District is ensuring that the plans tie in with the wider schemes planned for the City centre. The most influential of these is the Inverness Railway Station Improvement Programme.
- 5.3 This activity continues to ensure that there is mutual benefit when decisions for change are made. Improvement to the City Centre should benefit the Market and vice versa.
- 5.4 A sustainable income stream from this Common Good Fund asset remains essential for the viability of the Market and the Retailers within it and the City centre. **Appendix 9** is a schedule of the income and costs associated with the operation of the Market.
- 5.5 The activities referred to above have been and will continue to be essential in building Business Cases for delivering on the Action Plan. The budget implications for the Fund will be a primary consideration and once approved, the expenditure will continue to be reported to the CIAC
- 5.6 Projects
Appendix 3 details the initial proposals. Subject to the approval of Business Cases, The Group identified the following initial projects:
- 5.7 The Market Entrances
The Market Entrances are a priority, with the Academy Street Entrance being first in line.
- 5.8 The Market Arcade
An application to the Academy Street Townscape Heritage Project is giving the opportunity to apply for grants to support the rejuvenation of the Shop Fronts in the Market Arcade.
- 5.9 Opening Hours
Further to representations from Traders and after consulting with Members, the opening Hours of the Market have been reviewed.
- Summer 2018 Monday – Friday 7am – 6.30pm, Saturday 7am – 6pm, Sunday 11am – 4pm at no extra cost due to reallocation of hours

6 Project Management

- 6.1 The Inverness City Area Manager has overall responsibility and reports to the CIAC which includes this annual progress report on the Action Plan.

7 Conclusion

- 7.1 The Action Plan has fused several objectives and allows for the benefits of specialist facility management and promotion services, to complement the existing high standards of tenancy management provided by the Development and Infrastructure Service.
- 7.2 Preferred Business Models will be evaluated by officers and, if appropriate, the CIAC will be invited to approve. The recommendations will be supported by Business Cases which will detail any risk implications.
- 7.3 The Action Plan is being delivered. The progress of the Branding of the Market is allowing for the major plans for the Market Hall to be developed with the benefit of a better understanding of the type of Retail experience that would best benefit the Market and the City.

8. Implications

8.1 Resource

- 8.1.1 The costs of the potential Business Plans will be assessed and **Appendix 9** details the Running Costs for the Market set for the last five Financial Years. A separate budget will be presented for approval to the CIAC for the Victorian Market prior to the commencement of each Financial Year from 2019/20 onwards.
- 8.1.2 There will be a reduction in income to the Inverness Common Good Fund over the next 3 years as the new costs are absorbed and the implications of the Lettings Framework detailed in **Appendix 2** are felt. It is anticipated that income will recover as the Action Plan generates increased Unit occupancy and customer footfall.
- 8.2 Legal - The Council will continue to meet all its legal obligations under the terms of any contracts agreed and processes will comply with the Councils Financial Regulations and Contract Standing Orders. The agreement of Council may be required for final approval of plans to engage a Market Manager.
- 8.3 Community (Equality, Poverty and Rural) - The proposals detailed in this report will potentially attract private sector investment and promote job growth.
- 8.4 Climate Change / Carbon Clever - All contracts will be managed in a manner which meets the Council's obligations in relation to climate change.
- 8.5 Risk
- 8.5.1 Business Plans will be prepared giving attention to the points highlighted by the Action Plan and the need to provide for sustainability. The risks identified range from the need to detail management responsibilities, to being clear about expectations on developing the tenancy mix and Market Brand.

- 8.5.2 **Appendix 1** is a diagram which describes the management arrangements, clarifying that the Council retains governance over the allocation of resources with the Inverness City Area Manager retaining overall responsibility for the administration of

the Market as Budget Holder. The Victorian Market Stakeholder Management Group continues to have an influential role in the decisions regarding ongoing development and implementation of the Action Plan and Business Plans.

8.6 Gaelic - There are no known Gaelic implications arising from this report.

Designation: Director of Development and Infrastructure and the Inverness City Area Manager

Date: 15 May 2018

Author: David Haas – Inverness City Area Manager
Jo Murray – Victorian Market Manager

Background Papers:



Lettings Framework

The key to a successful leasing strategy is attracting the right tenants to the right locations, to bring overall economic benefits for the Traders, Common Good Fund, as well as a welcoming, positive experience for customers and visitors.

Aims of strategy

1. To increase economic turnover – and build inclusive growth in which both Common Good Fund and Traders share benefits
2. To drive an increase in footfall and flow of people to different parts of the Victorian Market
3. To create more social/meeting and activity spaces and user dwell time, as part of a positive experience of market through use of available space
4. To create a broad range of stimulating retail experience – and help to trigger more repeat visits
5. To set parameters or thresholds for similar uses and shop types To draw a wider range of visitors in terms of diversity age/customer demographic partly to build next generation of market users

Risks of absent or poor strategy

To the performance of the above factors, thereby triggering decline, including economic, customer and tenant/occupier weakness.

Core principles

- Stimulate diversity as a positive mix/blend– with cap on no of same types (eg cafes, toy shops, gift shops)
- Focus on creative growth and raising profile/brand with keynote stores
- Prohibiting offices and studios – unless overtly shop-facing/customer in positive aesthetic)
- Consider turnover/staircase rents – partnering approach
-

Mix

The tenant mix strategy should be set out, possibly in a phased manner – as the Market will change. It may include both prime and mass market, or zones may be created such as a restaurant quarter or a jewellery hub. Both Eastgate

Centre and The Victorian Market have jewellery hubs which benefit from increased footfall because of the volume and variety of offer.

Assessment for rent

Areas of the market to be assessed as strong or weak locations and rents should be set accordingly. Incentives should be used to attract high footfall drivers to weaker ends of the market.

Potential occupiers should be assessed on an individual basis. The criteria they should be assessed against is twofold:

Contribution to existing tenant mix –are they a good footfall driver?– Would they take market share from another trader? – Could this put them both at risk of failing? – Would they benefit existing retailers by giving critical mass in a certain sector – Are they a destination retailer? Would they increase dwell times? Is their covenant good and/or do they have a realistic business plan?

You will work with the Councils Estates Service to ensure that standard set of lease terms and conditions include keep open clauses and, if appropriate, service charge contributions - e.g. marketing if you go down the £1 for £1 matching basis. For example 60 units paying £500 a year (£125 a quarter) would bring in £30,000 a year which is matched from Inverness Common Good Fund would give a substantial marketing budget of £60,000 per annum. This can be assessed either on a fixed amount per unit or sq footage basis.

Lease expiry

Lease expiries should be tracked so as to decide at an early stage if you want to retain a tenant or indeed if they want to remain. This will enable discussions to be started early and if necessary desirable replacement operators targeted.

Work with tenants you want to retain, track sales performance % and monitor any trading who are badly.

Target retailers

An updated list of target retailers/sectors should form part of the strategy of managing blend and mix. A replacement strategy may be needed for some closing (e.g. from retirals) with target rentals, permitted uses and available incentives.

APPENDIX 4
Victorian Market Stakeholder Group Members



	Company/Shop
Provost Helen Carmichael	Highland Council
Cllr Isabelle McKenzie	Highland Council
Cllr Bet McAllister	Highland Council
Cllr Graham Ross	Highland Council
Cllr Janet Campbell	Highland Council
Cllr Richard Laird	Highland Council
David Haas	Inverness City Area Manager Highland Council
Mike Smith	Manager Inverness BID
Claire Armstrong	Inverness Chamber of Commerce
David Richardson	Federation of Small Businesses
Malcolm Fraser	Duncan Fraser Butchers Queensgate Arcade Victorian Market
Kasia Pogodzinska	Saffron Oriental Food Market Hall, Victorian Market
William Morrison	William Morrison Jewellers Market Arcade, Victorian Market
John Ewart	The Milk Bar, Market Arcade, Victorian Market
Brian Philip	The Music Station, Church Street
Colin Craig	Oil and Vinegar, Union Street
Jane Cuthbert	MCM Investments, Queensgate
Donald Maclean	P J MacKenzie, Academy Street
Jackie Cuddy	Eastgate Centre

APPENDIX 5

Occupancy Figures



	Market Arcade	Market Hall	ICGF Total	Entire VM including Queensgate
2017				
November	11/12	21/23	32/36	44/48
	92%	87.5%	89%	92%
December	11/12	21/24	32/36	44/48
	92%	87.5%	89%	92%
2018				
January	11/12	20/24	31/36	43/48
	92%	83%	86%	89.5%
February	11/12	21/24	32/36	44/48
	92%	87%	89%	92%
March	11/12	20/24	31/36	42/48
	92%	83%	86%	87.5%
April	11/12	21/24	32/36	43/48
	92%	87.5%	89%	89.5%

APPENDIX 6

Marketing/Media Partnerships



2017/8			
Landmark Press	Welcome to Scotland Guide Bedroom Pack	Generic Ad	
	Welcome to Scotland Guide	Generic Ad	
Scottish Provincial Press	Port of Call Booklet	Generic Ad	
	Inverness Courier	Valentines Ad and Competition	Press, online and social media. Marketing mailing list
	(Interim) Logo design		
	Website design and hosting		
	Executive Magazine	Business Lunch feature	
DC Thompson	Press & Journal	Valentines Feature	Press, online and social media
	Press & Journal	Easter Competition and Feature	Press, online and social media. Marketing mailing list
ICA Magazine		6 month ad campaign with free editorial and event listings	
MFR	BID Easter Egg Hunt	Specific radio coverage	Radio, online and social media
	Cash for Kids	Online and social media coverage	

APPENDIX 7

Victorian Market Brand



Up until now the Victorian Market has not had a strong graphic identity that has been used consistently throughout all marketing and advertising. It is crucial for a destination such as this that its identity is sympathetic to the historic nature of the building, is easily recognisable and is a suitable reflection of what it represents.

Scottish Provincial Press have produced an interim “logo” for the Victorian Market which can be used going forward on all platforms. The graphic identity will evolve, however, alongside the development of the Victorian Market to reflect the changes and ultimately create a strong graphic identity that will be fit for purpose for the future.

THE
Victorian
MARKET

APPENDIX 8

Altrincham Visit (Funded by HITRANS) 1st February 2018



Those in attendance

The Highland Council

Cllr Helen Carmichael, Provost of Inverness

David Haas, Inverness City Area Manager

Malcolm Macleod, Head of Planning and Environment

Una Lee, Urban Designer

HITRANS

Neil MacRae, Partnership Manager

Fiona McNally, Active Travel Officer

Inverness Victorian Market

Jo Murray, Victorian Market Manager

William Morrison, Victorian Market Stakeholders Group

INVERNESS BID

Jackie Cuddy, BID Board Vice-Chair

Mike Smith, BID Manager

Presentations from

Stephen O'Malley (Civic Engineers)

Lindsay Humblet (Planit IE)

Cllr Sean Anstee (Trafford Council)

Altrincham BID "Altrincham Unlimited"

Lis Phelan (Trafford Council)

Trafford Borough Council commissioned LKGroup to conduct a 'public realm, movement and de-cluttering study' in 2012. The purpose of the study of Altrincham Town Centre was to guide targeted investment in the town centre's public realm, with particular focus on providing a better environment appropriate for a modern market town. Following public consultation, works commenced later that year and part of the project was completed in 2013 with significant improvements to the surrounding streets, railway station and entry points. The completion of the entire project is anticipated to be June 2018.



At the heart of the development was the Altrincham Market, which was developed and improved alongside the wider public realm improvement project.

The Market operates in two distinct ways

1. Permanent food and restaurant facility
2. A daily open air market

The business model is a very effective one, in that it will attract regular daily footfall to the restaurant facility and offers a different themed daily open air market, operated by Traders, but managed by the Market owners.

A carefully chosen logo and a strong mission statement give the Altrincham Market a powerful identity which accurately represents the type of business that it is – supporting local businesses for the local community. They have also carefully considered how the facility is marketed and chosen, quite deliberately, not to have a large online presence but operate using social media.



The building is Victorian and there is an architectural similarity to the Victorian Market in Inverness but not in the offers within. It is operated by a husband and wife team along with 15 permanent full and part time staff.



The Hall part of the market is serviced by food producers offering a wide range of high quality locally produced snacks, meals and drinks. The restaurant's community feel is emphasised by long communal tables, in a quirky style that pervades the establishment.



The Market section is equally welcoming, with well-presented stalls offering affordable quality goods. There is evident sympathy with the environment with a generous adornment of seasonal flowers and clear, accessible recycling facilities for both customers and stallholders.



The Altrincham Market has been very successful and is now at the heart of a thriving and developing town centre. It has been the successful development of the Market, within the wider project of a Public Realm Strategy, with the support of Trafford Borough Council, Altrincham Unlimited, PlanitIE and Civic Engineers, that has successfully delivered the regeneration of the surrounding streets and access points. The area is now populated by other locally run businesses, retailers and services.



Results from the development improvements of Altrincham Town Centre

(Public Realm Case Study. Civic Engineers 2017/8)

- Crime
 - o 20% reduction in crime
 - o 30 less incidents of crime
 - o £15K efficiency saving to the Police
 - o £16.5K economic benefit through reduced loss to individuals and businesses
 - o £68K – Social Value – through people feeling safer and positive change in the perception of the town centre
- Increased use of the Town Centre
 - o 10% increase in footfall
 - o Increase of 166,000 per year – boosting the local economy
 - o Increase of £1.5m in spending for both day and evening trade
- Creating new businesses in the town centre
 - o 17% reduction in vacancies
 - o 24 new businesses
 - o £900K private sector investment
- Increasing employment
 - o 90 new jobs created
 - o £326K reduction in welfare benefit payments
 - o +£466K per year through increased tax, national insurance, economic output and spending
 - o +£1.1m through improvements to wellbeing resulting from employment
 - o Gross Value Added (GVA) labour productivity – uplift estimate £1.5m per year

The main aims of the Action Plan for the Victorian Market (enhanced by seeing, first hand, the positive effects of the Altrincham project)

- Developing a consistent approach to the appearance of the market, including entrances and shopfronts
- Creating flexible space within the market to accommodate different activities and events that compliment and enhance the markets regular offer

- Having an active approach to attracting new occupants of the market, whereby producers and brands that are deemed to be a good fit with the markets aspirations are persuaded.

It was clear that the Market in Altrincham has achieved all of the above and it was inspiring to see such a welcoming and thriving business that has become an asset to the town with a well-defined identity, supporting local businesses.

The ultimate identity and presentation of the Victorian Market will be borne from the unique nature of the building, its history and the businesses that operate within it. Creating a successful, unique shopping experience in the City will influence surrounding streets and ultimately become a destination for locals and visitors alike.

The Victorian Market in Inverness satisfies different criteria than Altrincham in that there are clearly defined users of the building

- Retail
- Tourist destination
- Social & Community hub
- Venue

The future development will accommodate all of these groups in a targeted and specific way

1. Retail – enhancement of the shopping experience through improved shopfronts and presentation. Support for the businesses to ensure they are maximising footfall opportunities to continue to thrive and develop
2. Tourist – To create a welcoming, informative and photogenic experience that meets the high expectation of tourists and locals alike.
3. Community – The market will continue to be welcoming to all parts of the community – catering for the disabled with enhanced toilet facilities and trained HC staff, hosting local charity and fundraising events and creating an environment where they feel welcomed and valued.
4. Venue – hosting events and entertainment to both enhance the shopping experience but to also educate and inform the wider community

Business partners are crucial to the delivery of the Action Plan and relationships are being developed with

- BID, UHI, Inverness Hotel Association, All local media, Schools, Charities, Eden Court, Local History Groups and Tourist organisations.

The new Victorian Market website will also play a key role in a number of ways

- Accurate and up to date information
- Promote each business
- Historical information
- Facility to monitor customer feedback and comments
- Real time information on development
- Event details