

Agenda Item	<b>10a.</b>
Report No	<b>CIA/28/21</b>

## THE HIGHLAND COUNCIL

**Committee:** City of Inverness Area Committee

**Date:** 26 August 2021

**Report Title:** **Inverness Common Good Fund  
Victorian Market, Inverness – Action Plan - Update**

**Report By:** Joint Report by the Executive Chief Officer Infrastructure,  
Environment and Economy and the Executive Chief Officer  
Communities and Place

### **1. Purpose/Executive Summary**

- 1.1 This report updates Members on the progress made on the delivery and further development of the Victorian Market Action Plan (the Action Plan) agreed at the City of Inverness Area Committee on [19 June 2017](#).
- 1.2 Further to Members agreeing to the commissioning of the refurbishment of the Market Hall and Fish Hall (The Project), work commenced in January 2021. The report confirms progress on the project and the marking of the new units within the Fish Hall and Market Hall.
- 1.3 An update is also given on the other priorities identified within the Action Plan.
- 1.4 The City of Inverness Area Committee agreed in November 2019 to approve the project. Noting the impacts of COVID-19, the Committee further reviewed the project and reaffirmed agreement to proceed, following a report from Messrs Graham and Sibbald updating on the Business Case at Committee on 27 August 2020.

### **2. Recommendations**

- 2.1 Members are asked to:
  - i. Consider and note the progress in respect of the work agreed through the Action Plan since the reports presented to Committee on 29 August and 21 November 2019 and 27 August 2020.
  - ii. Consider and note the progress of the works for the Transformation of the Market Hall and Fish Hall of the Victorian Market.

- iii. note that all practicable steps continue to be taken to maximise third party funding opportunities;
- iv. note that further reports will be made to the City of Inverness Area Committee on progress; and
- v. note that the Victorian Market Stakeholder Group has delivered on the key aims of establishing an Action Plan for the Victorian Market and of developing a significant infrastructure project.

### 3. Implications

#### 3.1 Resource implications

The Business Case presented to Committee in November 2019, provided the financial rationale for re-developing the Victorian Market Hall and Fish Hall. Graham and Sibbald provided an updated Business Case reflecting the implications of COVID-19 and this supported the aims to redevelop the Halls. The initial response to the closing date for available units was strong, with a number of units now under offer. A fresh closing date is being set to fill the remaining units.

#### **Expenditure Profile – Market Hall/Fish Hall Refurbishment**

The table below gives an updated expenditure profile for the Market/Fish Hall Refurbishment

<b>Expenditure Profile</b>	<b>19/20 £</b>	<b>20/21 £</b>	<b>21/22 £</b>	<b>22/23 £</b>	<b>Total £</b>
Construction Works	9,927	704,198	714,125	21,750	1,450,000
Professional Fees	146,388	23,231	23,230	10,150	203,000
<b>Total Costs</b>					<b>1,653,000</b>
Town Centre Fund					(250,000)
<b>Net ICGF Funding</b>					<b>1,403,000</b>

The Town Centre Fund, supported by the Scottish Government, made a contribution of £250,000, as agreed by Members previously.

As noted at 6.3, site clearance has resulted in discovery of a number of unforeseeable challenges involving services and the floor of both Halls. These are being overcome through use of the contingency within the existing budget. The costs for the additional work are currently being negotiated with the contractor. Once this is known it will be reported thereafter.

As outlined at committee in November 2019, with the reduction in tenants, the rental income will be reduced during the compensation (6 months), refurbishment (12 months) and letting period (6 months). In total this is likely to be in region of 24 months and the equivalent of £223,000.

#### 3.2 Legal implications

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.

### **3.3 Community (Equality, Poverty, Rural and Island) impacts**

The proposals detailed in this report will potentially attract private sector investment and promote job growth and help support the whole of the City and Area. The Victorian Market Stakeholder group continues to meet, and the project team engage and update on key matters related to the project.

### **3.4 Climate Change / Carbon Clever implications**

All contracts will be managed in a manner which meets the Council's obligations in relation to climate change.

### **3.5 Risk implications**

Delivery of the Action Plan, supported by the Business Case, continues to address risks, which range from the need to detail management responsibilities, to being clear about expectations on developing the tenancy mix and market brand. The Project remains set to provide a long-term return for the ICGF and help improve the vibrancy of the City Centre and preserve the reputation of the Council. The need to maintain the confidence of the Tenants continues to be met by ensuring that Tenants are engaged at all stages.

The Victorian Market Stakeholder Group was set up in November 2017 to develop the Action Plan and then deliver a Business Case for the Project. This objective has been achieved and noting the establishment of a Tenancy Trader Group the recommendation is that the way we engage with Stakeholders should change to reflect the current environment.

Tenant liaison will continue to be a key feature and the Victorian Market Manager, and the City Area Manager will ensure that this process continues to ensure that governance lines and responsibilities are clear to all parties and in particular, that change is managed effectively, with update reports to the City of Inverness Area Committee. This will include regular liaison with the Provost and Central Ward Members and the Victorian Market Trader Group.

COVID-19 risks – All reasonable actions are being undertaken to minimise the impacts of COVID-19. The project programme is continually being assessed to ensure that COVID-19 Guidelines are observed for the protection of the Public and the workforce, with any impacts on project cost being closely monitored.

### **3.6 Gaelic implications**

There are no known Gaelic implications arising from this report. Any new signage will comply with Council policy.

## **4. Introduction**

### **4.1 The role of the Market within the City**

The Market is held on the account of the ICGF and is managed by the Council on behalf of the ICGF. The Council is under a duty to ensure that the ICGF assets are managed efficiently and effectively to produce a Best Value rate of return. Council resources are targeted on:

- managing the Market with a focus on producing a Best Value rate of return;
- managing the daily operation of the Market through the Victorian Market Manager which includes provision of daily Facilities Management services and Marketing and Promotion of the Market
- ensuring that the fabric and structure of the Market is maintained and
- managing the Market accounting for the impact of COVID-19

### **4.2 The mix of tenancies includes a wide range of businesses which fall into the following general categories:**

- varied micro and small businesses, many of which are family owned and have traded from the Market for generations.
- specialist businesses such those selling jewellery, for which the Market is well known; and
- Food, drink and hospitality through the letting of tenancies within the Fish Hall and Market Hall

### **4.3 The Market is seen as a good place to start a new business and many Tenants' have traded for a number of years through negotiating lease renewals at the end of each lease term. This gives an element of certainty. The location of the Market is in a prime spot within the City Centre**

## **5. Actions to Date**

### **5.1 The report presented to the Committee on [19 June 2017](#) agreed an Action Plan for the development of the Victorian Market. The plan highlighted the need to build a Market fit for the 21<sup>st</sup> century that meets the needs of the ICGF and of the Businesses who invest their future within in it.**

### **5.2 The Market has improved its contribution to the economic vibrancy of the City whilst looking to retain and produce a Best Value rate of return for the ICGF.**

### **5.3 The Victorian Market Stakeholder Group has been involved in engagement on the delivery of the Action Plan and development of The Project.**

The VM Stakeholder Group is made up of:

- the Council;
- Market Businesses;
- adjacent Businesses;
- Inverness Business Improvement District;
- Federation of Small Businesses; and
- Inverness Chamber of Commerce.

### **5.4 Delivery against the original objectives of the Action Plan can be summarised as follows:**

- **The Market as a Centre of Business** – Our lettings policy has ensured that the market contains/draws a broad range of businesses that complement each other and increase footfall to the City Centre.
- **Wider Benefits to the City and the Highlands** – The Market is being mapped as a year-round destination for Tourists and Local Shoppers and is being promoted in all available visitor publications.
- **Physical Improvements** – Access, Signage, Entrances, Opening Hours, and Shop fronts have been reviewed, with a view to improving frontages and opening units' outwards where possible. Work will continue on this in 2022/23.
- **A Media partnership** has been established to ensure the public are aware of improvements being made.
- **Management and Events/Branding** – dedicated management has delivered on the Action Plan. Clear targets set within a timeframe are helping to generate a consistent Brand for Marketing.

5.5 The Council continues to balance the need to provide a Market Value return for the ICGF with the importance of the Market to the City as a footfall driver and a catalyst for the rejuvenation of the Old Town of Inverness. This, and the importance of furthering the objectives and establishing the Market as a property asset for the City, led to the City Committee agreeing in November 2019 to progress with the project to redevelop the Victorian Market Hall and Fish Hall. The City Area Recovery Group have recognised the importance of the Market Hall/Fish Hall redevelopment in supporting the recovery of the City Centre.

5.6 The Project is creating a modern open market with the capability of being able to have later opening hours, this will involve the removal of all existing shop units, storage areas and toilets including existing services and flooring. The area is being redeveloped with new shop units and an open seating area. New public toilets will be installed including an accessible toilet and baby change area.

5.7 The Victorian Market Stakeholder Group has delivered on its objective of establishing the Action Plan and enabling the key infrastructure project, now underway.

5.8 A summary of the Marketing Initiatives is attached at **Appendix 1** and data on footfall is attached at **Appendix 2**. It should be noted that the Market has only recently reopened after lockdown and efforts continue to be made to make use of every opportunity to promote the Market as a shopping destination. This includes working with Inverness BID and Visit Inverness Loch Ness as part of the marketing plan for the City and area, updates on which are reported elsewhere on this agenda.

## 6. **Redeveloping the Market/Fish Halls – Current Position**

### 6.1 The Project

Building works commenced in January 2021. Striping out works have been completed and preparations are now underway to install new services and level and replace the existing floor in preparation for installation of the new units.

6.2 Due to Covid-19 additional measures were required, and these have resulted in additional costs and the contract period extending, however efforts are being made to reduce the period of works as we move through the contract. Further updates will be provided within the regular ICGF Capital projects Report.

6.3 The preparatory works have resulted in unforeseeable additional costs relating to the services and the works required to the floor. As noted at paragraph 3.1, these additional costs will be met by the contingency budget.

6.4 The Market is a listed building and an elaborate structure dating from 1889 and has a number of small units.

6.5 The Tenants

Those tenants who relocated from the Market Hall and Fish Hall have all received individually tailored compensation packages in terms of the decisions taken by this Committee at its meeting of 21 November 2019.

6.6 As outlined at committee in November 2019, with the reduction in the number of tenants, the rental income will be reduced during the compensation (6 months), refurbishment (12 months) and letting period (6 months). In total this is likely to be in region of 24 months and the equivalent of £223,000.

6.7 This figure is an indication of the rental loss but due to COVID-19 there would likely be a reduction in rental income regardless due to the time taken to complete the Project. Should the project take longer than 12 months further income would be foregone.

6.8 A closing date was set for 28<sup>th</sup> May inviting for offers to be received for the 15 new units. The response has been very positive with 7 of the new units now under consideration. A further closing date will be set for October.

6.9 Next Steps

The preparation of a new lease is underway whilst keeping new and existing Market businesses informed. The lease will include a Service Charge provision which Graham and Sibbald will organise and operate. This will allow the communal running costs of the Market to be transparent to all and therefore open to scrutiny. Graham & Sibbald will liaise with both ICGF and VM tenants and seek to keep the communal costs as competitive as possible. The introduction of the Service Charge to existing tenants will not result in any immediate increase in costs to existing tenants.

6.10 The Market already has a diverse range of businesses. Interest in the new units has come from the Food and Drink/Hospitality sector. This is being led by locally based Highland Businesses all as envisaged by the Business Plan. The Business Plan highlighted that an anchor tenant could be identified for the Bar/Café/Restaurant with complimentary Class1 (Retail) and Class3 (Food and Drink) businesses could be identified for the remaining Units in the Market Hall of Fish Hall. This will create an all-weather covered destination within the Old Town.

6.11 As reported previously to this committee, firm plans are in place to ensure that the operation of the Market will be unaffected by the works programme. In the event of evaluated impacts showing that the operational areas of the Market have been materially detrimentally affected, then a report will be taken to the CIAC in this regard.

## 7. Victorian Market Stakeholder Group

7.1 The original members of the Victorian Market Stakeholder Group are listed in **Appendix 3**. The Stakeholder Group has delivered on the key aims of establishing an Action Plan for the Victorian Market and of developing a significant infrastructure project. A number of Stakeholders have acknowledged this. It is recommended that we move into a new phase of engagement with the Stakeholder Group no longer meeting at regular intervals. Any further proposals contained within the Action Plan being progressed will be through Victorian Market Stakeholder Workshops. Limiting Stakeholder involvement to Workshops will ensure wider attendance and only strategic matters being discussed.

7.2 A Victorian Market Trader Group has now been formed which is run by Market Businesses themselves. The Victorian Market Manager attends and as we welcome new tenants into the Market Hall, the Trader Group will become even more important as a principle point of communication between the Council, Stakeholders outside the Market and Market Businesses. The key relationships with Market Businesses will be progressed through close liaison with the Victorian Market Trader Group. Scrutiny of the delivery of the project being delivered will be through existing governance via reports to the City Area Committee.

## **8. Conclusion**

8.1 The Project remains within budget however, with any project involving an old building – and as already demonstrated -, there is continuing risk that further issues may be discovered which put pressure on the budget. Every practicable step will be taken to minimise risk and maximise opportunity to reduce cost. The outcomes of the Business Plan relating to the Market being revitalised, with reflected benefit for the City, are already proving themselves through the significant interest being shown in the available new units. Importantly, the focus of officers, especially the Victorian Market Manager, also remains on ensuring the vibrancy and general vitality of the existing Market Businesses. Marketing campaigns are being developed in partnership and delivered, particularly through Inverness Loch Ness Marketing Programme led Visit Inverness Loch Ness and Inverness BID.

Designation: Executive Chief Officer Infrastructure and Environment and the Inverness City Area Manager

Date: 28 July 2021

Author: David Haas, City Area Manager  
Kenneth Forbes, Property Manager, Estates  
Jason Kelman, Principal Project Manager

Background Papers:

THE VICTORIAN MARKET | **MARKETING REPORT 2020 | 2021**

We continue to invest in regular advertising and have strong links with HN Media, Landmark Press and DC Thomson who have all adapted their strategies over the past year or so, with more content being shared online as well as print.

The website [www.thevictorianmarket.com](http://www.thevictorianmarket.com) is supplied by HN Media.

The website continues to evolve as physical changes are made to the building, as tenants change over, as COVID-19 restrictions change and as partnerships are developed.

The changing operational environment the Victorian Market has faced since March 2020 disrupted the usual advertising and events planning. Some planned advertising was cancelled for the remainder of 2020 due to many visitor publications no longer being distributed.

The Facebook page – “VictorianMarketInverness” has 5,808 followers with 2,837 check-ins and is rated at 4.3/5.0

Summary 2020 | 2021

HN Media	Annual print advertising
Kingfisher Visitor Guide	Welcome to Inverness, Loch Ness & Nairn
DC Thomson	Press & Journal Inverness Area Feature
DC Thomson	Christmas 2020 Ad Campaign
Bauer Media UK - MFR	Christmas 2020 Breakfast Show Competition
Landmark Press	Inverness Bedroom folder and Welcome to Scotland Guide
DC Thomson	Re-opening campaign – print, online & Mini-magazine
Daily Mail	Permanent list article – Scottish Markets

Marketing of the Market Hall development and New Units

Signage was displayed within the Victorian Market throughout 2020 to inform the public of the proposed Market Hall development and directing potential new tenants to the relevant contacts to apply.

An investment was made to vinyl cover the dividing partition wall (erected for the development) with a large graphic image and contact information. This has been a great success in that the environment of the open and trading parts of the Market have not been negatively affected by the adjacent works and has kept the circulation area welcoming for our customers and visitors.

A Marketing Brochure was created for the 15 new Market Hall units along with a unique Design Guide for future tenants. The Design Guide, written by 360 Architecture in consultation with Market Management, gives an indication of the design philosophy and layout of the new Hall, showing colour palettes and finishes. Technical information will aid shop fit and equipment planning with suggested ideas for colour, styles, finishes and lighting.

VISIT INVERNESS LOCH NESS

Visit Inverness Loch Ness is working closely with The Victorian Market as part of the Inverness City Marketing Project – which aims to create strategic alignment between organisations activities and messaging. The aim is to create the strongest possible city



proposition for local people and visitors, which will be marketed primarily through the Visit Inverness Loch Ness channels that have a 57k following and organically reach 1M per month. The Victorian Market provides a unique offering for the city which will be utilised as appropriate in delivery of future paid campaign content as well as through organic channels.

In addition to campaign activity there is increasing fluidity in the visitor experience between the various organisations' websites. For example The Victorian Market now has a listing with Visit Inverness Loch Ness - <https://www.visitinvernesslochness.com/listings/victorian-market> , that points to the specific website for more information. There are also a range of other city pins added to the Things to Do Map (<https://www.visitinvernesslochness.com/things-to-do> ) which will refer to the new Inverness BID website. This cross-website referral in all directions will greatly enhance the visitor experience, making it significantly easier to explore and discover the destination, and also demonstrates the strong partnership working methods between the key organisations that will be critical in the city recovery.

Visit Inverness Loch Ness will continue to work closely with partners to produce strong content that will support the success of The Victorian Market and the Inverness City Recovery Marketing Campaign.

### INVERNESS BID LTD

Inverness BID Ltd work closely with and positively support the Victorian Market and all the businesses within. Promoting and acting as a strong voice representing the interests of Inverness BID members we are linked through the Business Directory on their new website [www.invernessbid.co.uk](http://www.invernessbid.co.uk). We are included in their Annual Events Programme which features the popular Great Easter Egg Hunt and Elf on the Shelf events. These are very successful footfall drivers for the Victorian Market and offer an opportunity for the businesses to engage with their customer during a fun, family orientated seasonal event. Inverness BID Ltd continues to be represented on the Victorian Market Stakeholder Group and support development and positive change within the Market.

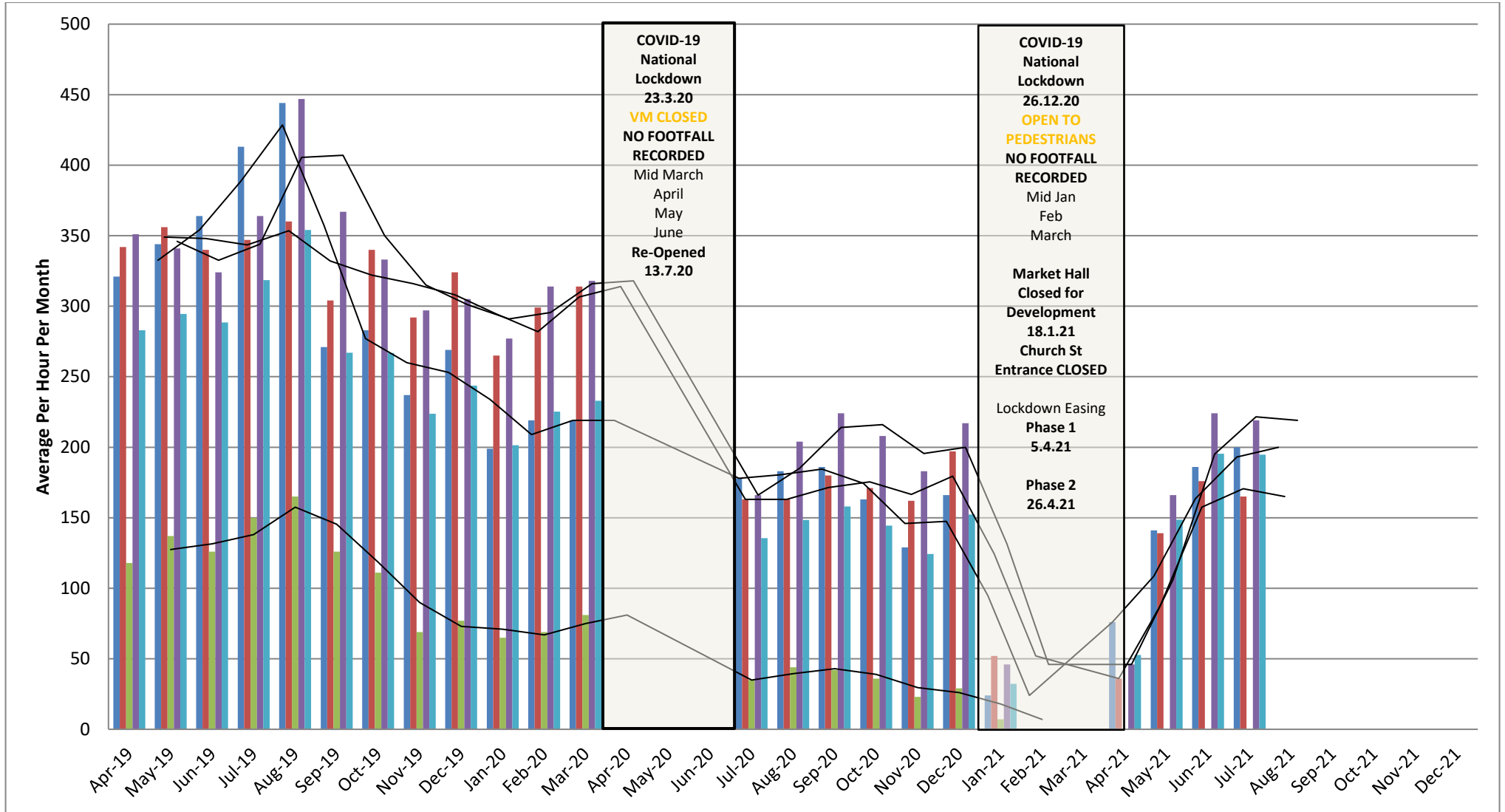
- Marketing – included in BID generic advertising campaigns such as The Inverness City Marketing Project which focusses on post COVID-19 recovery and encourages footfall to the City centre.
- Creating specific posts for the independent businesses within the Market on Social Media
- Inclusion in all City centre events and activities
- BID Security Task Team collaboration with the Victorian Market staff

### Marketing for Recovery

Working closely with the Market businesses we aim to create a targeted approach to future marketing, exploiting the increased “staycation” market and aiming at the local resident. This will be achieved by increased use of social media including Instagram and Twitter. A comprehensive “opening” campaign will be designed for Market Hall early 2022 in which we can exploit the historic transformation the building has undergone and share the time-lapse video which is currently being recorded of the physical changes in Market Hall and the Fish Hall.

An investment has already been made to be part of the popular Highland Hospice “Heilan Coo” trail planned for 2022.

Jo Murray | Victorian Market Manager



<b>VICTORIAN MARKET AVERAGE FOOTFALL PER HOUR PER MONTH</b>		Academy St
		Union St
		Church St
		Queensgate
		<b>TOTAL VM AVERAGE</b>



Records began April 2019

## AVERAGE FOOTFALL PER HOUR

	2019	2020	Vs. LY	2021	Vs. 2019	Vs. LY
January		201	-	Lockdown 2	-	
February		225	-	Lockdown 2	-	
March		233	-	Lockdown 2	-	
April	283	Lockdown 1	-	52	-82%	-
May	294	Lockdown 1	-	148	-50%	-
June	288	Lockdown 1	-	195	-32%	-
July	318	135	-58%	194	-39%	+44%
August	354	148	-59%			
September	267	158	-41%			
October	266	144	-46%			
November	223	124	-45%			
December	243	152	-38%			

## ENTRANCE USAGE

	Academy St	Union St	Church St	Queensgate
2019	29%	30%	11%	30%
2020	27%	31%	7%	35%
2021 to date	34%	28%	CLOSED	39%

Jan 2021 - Church Street entrance closed for the development of Market Hall  
Footfall had steadily decreased throughout 2020 as units in this area vacated

Queensgate benefitted from being open during both lockdowns as essential food retailers continued to trade. This entrance is now slightly busier due to the relocation of some buses from Union St to Queensgate to accommodate the development site compound.

The development works have not adversely impacted footfall through Union Street entrance.

APPENDIX 3  
Victorian Market Stakeholder Group Members



	<b>Company/Shop</b>
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