

Gloucester City Council

Meeting:	Cabinet	Date:	9 May 2018
Subject:	City Markets Service		
Report Of:	Cabinet Member for Regeneration and Economy		
Wards Affected:	Westgate Ward		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	None		

FOR GENERAL RELEASE.

1.0 Purpose of Report

- 1.1 To consider options for the future operation of the City's Markets Service and to authorise the Corporate Director to commence a procurement exercise to secure an external operator to manage and operate appropriate elements of the existing service.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) The Indoor Market will continue to operate from the Eastgate Shopping Centre, Gloucester
- (2) Proposals for investment in the refurbishment of the Indoor Market are developed for inclusion in the Council's Capital Programme
- (3) The Corporate Director is given delegated authority to undertake a procurement exercise to secure a suitable contractor(s) to operate and manage appropriate elements of the City's Markets Service and to enter into contractual arrangements as necessary in consultation with the Cabinet Member for Regeneration and Economy
- (4) Cherry and White Market Traders are offered alternative pitches/stalls in the City prior to the commencement of the public realm works in Kings Square and that consideration is given to the future Markets offer on the redeveloped Kings Square site.

3.0 Background and Key Issues

- 3.1. Gloucester has a long history as a market town and City. In 1155 King Henry II granted Gloucester the same customs and liberties as those enjoyed by the burgesses of London and Winchester. These rights were subsequently confirmed and reconfirmed through Royal Charters from the 12th to the 18th centuries and Acts of Parliament from 1821 to 1928. As a minimum, the City is entitled to hold a

market on Wednesdays and Saturdays and to restrain rival markets established within 6 2/3 miles of the City.

- 3.2. **Eastgate Indoor Market** opened in its current location in 1968. The market has 39 stalls and currently 34 of the stalls (87%) are occupied. Goods sold range from meats and fish, hardware, confectionary, haberdashery, clothing, records, olives and spices. The building that houses the market is now 50 years old (the anniversary is October 2018) and showing its age. Significant investment in basic maintenance (c.£100,000) and long-term refurbishment and modernisation (c £1m) are required if the Market is to remain in this location. Eastgate Indoor Market is managed and operated by Gloucester City Council.
- 3.3. **Cherry and White Market** operates in Kings Square each Friday and Saturday. There is an average of 4 to 6 stalls on each of the two days. Following adoption of the Gloucester City Markets Strategy in 2015 efforts have been made to improve the visual appearance of the market by adopting a standardised layout and uniform gazebos. There is some ongoing resistance from traders to this approach and a belief that the restrictions have reduced the appeal of the market to traders. The Cherry and White Market is managed and operated by Gloucester City Council.
- 3.4. **Farmers Market** operates every Friday and is located on the Gate Streets. The market can operate up to 30 stalls. The Farmers Market is managed and operated on behalf of the City Council by Made in Stroud Ltd. The contract was last retendered in 2014. A 12 month extension to the contract was agreed this year and the contract is due to be retendered in 2019.
- 3.5. **Flea Market and Car Boot Sales – Netheridge** This market operates at Hempsted Meadow on Wednesdays and Sundays with a maximum of 199 pitches. The market is managed and operated on behalf of the Council by Mr Bob Newby. The contract was let in 2015. A 12 month extension to the contract was agreed this year and the contract is due to be retendered in 2019.
- 3.6. **Other Markets** – From time to time other markets have operated in the City either managed and operated by the City Council or in partnership with or on behalf of GCC (Specialist Craft Markets, Italian Market, Night Markets)
- 3.7. **Gloucester Quays Markets** – Gloucester Quays manage and operate a range of novelty and themed markets at the Quays. Where these markets are located on the Docks estate which is under the Council's leasehold ownership the City Council receives a payment from the market operator for the use of the land.
- 3.8. **Gloucester City Markets Strategy 2015-2020** In March 2015 the City Council adopted the Gloucester City Markets Strategy 2015-2020. The vision set out in the strategy was to recognise markets as a social hub that enhances the City's appearance and its retail offer. Markets offer good quality and value for money prices and should be well managed, perform to a high standard and should be run by people that are passionate about markets. Gloucester's markets should be flexible and reflect the needs of current day's shoppers so that market days are the

busiest days in the City Centre. Markets should be well located and act as a link between the Quays and the City. Markets should help incubate and nurture new retailers and be well advertised and promoted.

- 3.9. The Strategy was supported by an action plan which focussed on structured marketing to the public and communications with traders; on providing start-up options for new traders, and exploring the potential for community markets in other city wards. At Eastgate the plan was to explore opportunities to relocate the Indoor Market elsewhere in Eastgate or to another redevelopment site and introduce a range of incentives to reduce the number of vacant units. There were also proposals to explore options for external management of both the Indoor Market and the Cherry and White Market. The action plan also sought to identify a potential new location for the Cherry and White Market and press ahead with plans to tackle the shabby appearance of that market with a more uniform layout and standard gazebos. At Hempsted the plan was to outsource the management of the Market and to work with Made in Stroud to grow the scale of the Farmers Market.
- 3.10. Cabinet will be aware that these objectives have been pursued to varying degrees of success since 2015. The potential to relocate the Indoor Market within the Eastgate Shopping Centre was considered and discontinued following consultation. A soft market testing exercise was pursued to explore the commercial appetite for external management. The appearance of the Cherry and White Market was addressed by introducing a requirement for traders to operate from “official” gazebos supplied by the City Council. The operation of the flea market and car boot sales at Hempsted was outsourced.
- 3.11. **Together Gloucester.** In 2017 managerial leadership of the Market’s Service transferred to the new Cultural and Trading Service area and is managed by the City’s Visitor Experience Manager. Day-to-day operations are delivered by staff temporarily seconded from the Property Commissioning and Visitor Experience teams. During this period the number of vacant stalls at Eastgate has reduced from 15 to 5 and with weekly and daily lets this is reduce to 2 currently vacant stalls However, this high occupancy rate has been achieved by offering introductory discounts, where appropriate, to new stallholders. The age of the building has also led to unavoidable emergency maintenance, repair and replacement costs (lifts, toilets and plumbing, cold storage etc).
- 3.12. Financially the market service operates at a broadly break-even level, but the service is failing to achieve the income targets set in recent budgets. To meet current income targets the markets would need to operate at 100% occupancy with all traders paying at least 85% of the standard stall rates.
- 3.13. **2018 Commercial Review –** The Council commissioned Marketing Gloucester Ltd to undertake a commercial review of the Gloucester Markets and in particular to undertake:
 - 3.13.1. A soft market testing exercise of known and established successful market operating companies to assess their appetite to manage a contract from the

City Council to turnaround the Eastgate Market in particular and the City Markets service in general;

3.13.2. Obtain a view about the relative commercial and operational advantages of investment in the existing Eastgate market site as an alternative to investment in a new facility elsewhere; and

3.13.3. A delivery plan and timetable to manage a delivery process in light of the information gathered in 3.13.1 and 3.13.2 above.

3.14. Six market operators were consulted as part of the soft market testing exercise. There was an expressed interest in operating in the City and a belief that economies of scale could come from unifying the operations of some or all of the existing range of markets in the City (Eastgate, Cherry and White, Flea Market/Car boot and Farmers Market) and an interest in operating a market in Eastgate Street.

3.15. There was a consensus view that Eastgate Indoor Market was commercially viable and could operate successfully with appropriate investment in infrastructure and the fabric of the building and commercially focussed management.

3.16. A summary of the report's recommendations are:

3.16.1. That the Council determine whether the Indoor Market is likely to remain at Eastgate. This would help clarify the Council's future plans for Kings Quarter and also provide clarity to market operators interested in operating the Indoor Market in the future;

3.16.2. That the Council is mindful of the likely need to invest £100,000 in short term repairs and around £1,000,000 in long term refurbishment at Eastgate

3.16.3. That the Council commence a process to procure a partner/contractor to operate the Indoor Market and the Cherry and White Market from 2018 and invite the bidders to submit variant bids to include the Flea Market/Car Boot Sales at Hempsted and/or the Farmers Market from 2019. The contract to be for an initial period of 3 years with an option for annual renewal for up to three further years.

3.16.4. To work with the successful bidder/operator to develop an appropriate refurbishment plan for the Indoor Market at the Eastgate Shopping Centre.

3.16.5. That consideration is given to the development of the Bowling Green and Aviation Garden to generate the capital receipt to fund the necessary refurbishment of Eastgate Indoor Market.

3.17. Other Considerations

3.18. The Council continues to hold the view, expressed in the 2015 Strategy, that Markets enhance the appearance and appeal of the City and can make a real and significant contribution to the retail and social offer. There are clear examples nationally of well-run, well-supported and popular markets adding to the social and commercial fabric of a place.

3.18.1. In **Leicester** the largest covered market in the UK is described as the “heartbeat of the City” delivering high quality foods and strongly representing the multicultural flavour of the City.



3.18.2. **St Nicholas Market in Bristol** contains the biggest range of independent retailers in the City with themes offered on different days – Wednesday is the farmers market and Fridays and Saturdays specialise in Arts and Crafts.



3.18.3. **The Covered Market, Oxford** is described as a historic indoor bazaar packed with artisan food traders, boutique clothing shops and buzzing cafes where you can grab a coffee and a bite to eat. It's a bit of a 'one-stop-shop' where you can pick up everything and anything you fancy from one of the many independent businesses, some of which go back generations.



- 3.19. The Council has held the view that a potential suitable alternative location for the Indoor Market was as part of a redeveloped Kings Quarter. This remains an option, but the refocused Kings Quarter scheme is not a retail-led scheme and the advice received from the Council's retail consultants is that the non-food retail element of the scheme should be extremely limited. Instead, their advice is that the Council should seek to strengthen the retail offer in the core of the gate streets and around Kings Square. It therefore makes sense to keep the Indoor Market in the heart of that existing retail core. In addition, early pre-design stage stakeholder consultations on the uses for Kings Square and its surrounding environment are indicating that one of the most important elements for the new public realm space is to maintain flexibility. The retail advice, stakeholder request for flexibility, together with the MGL Commercial Review's findings that some certainty about the future location of the Indoor Market is needed to ensure appropriate operator interest in the Market, serves to prompt the Council to come to a firm view about the Kings Quarter option.
- 3.20. Plans are in place to redevelop Kings Square as part of a comprehensive investment programme for the refurbishment and improvement of Kings Walk Shopping Centre and its environs. The ambition is that Kings Square will, in future, serve as an important venue for the City's night time economy and complement the attractiveness and popularity of Gloucester Quays. Kings Square has also been identified as a suitable open air performance space. With this in mind it is appropriate to consider whether the Council should continue to provide a weekend market in Kings Square and of what type. The proposed public realm works will inevitably disrupt the operation of the current Cherry and White Market during the period of construction. In addition, the quality of any market proposed to be situated within the new Kings Square would have to be significant, in order to match the amount of intended investment for Kings Square and enhance the quality of the environment.
- 3.21. Existing Cherry and White Market Traders affected by the closure of the Market during the redevelopment of Kings Square will be offered suitable alternatives to keep them trading in the City including pitches/stalls at Hempsted, the Farmers Market (if appropriate) and Eastgate.
- 3.22. Currently the City Council's Markets service is being led by the Visitor Experience Manager supported by seconded staff. If the Council wishes to consider continuing direct management of the markets it will be necessary to review the sustainability of this arrangement and explore options to establish and recruit to the substantive roles of Markets Manager/Superintendent and Markets Officers/Inspectors.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 Exploratory discussions with Eastgate Market Traders about the potential for traders to manage the market as a self-managed collective have taken place but the traders felt that this was not a viable option when they needed to focus full time on their individual businesses.

5.0 Alternative Options Considered

5.1 A number of alternative options are considered and referred to in this report.

6.0 Reasons for Recommendations

6.1 Gloucester has a proud history as a Market City. The viability of the indoor market has been limited in recent years by the estimated costs of refurbishment at the current location, uncertainty about long term location and questions about the future arrangements for operating and managing the market. This report seeks to address these issues and offer a potential way forward. It will, however, require the Council to consider the need to commit to significant capital investment in partnership with a new commercial operator.

7.0 Future Work and Conclusions

7.1 If the recommendations in this report are agreed it will be necessary to:

7.1.1. Communicate effectively with existing market traders, operators and staff to provide clarity and reassurance about the Council's plans

7.1.2. Undertake a formal contract procurement exercise to secure a partner/contractor to manage and operate [agreed elements of] the Council's Markets Service

7.1.3. Consider any variant bids to operate the Flea Market/Hempsted and Farmers Markets from 2019

7.1.4. Mobilise any successful new contractor including meeting any obligations under the TUPE Regulations.

7.1.5. In partnership with any successful new contractor/market operator develop a sustainable and affordable refurbishment plan for the Indoor Market

7.1.6. Consider options for funding any refurbishment costs.

8.0 Financial Implications

8.1 The City Council's Markets Service operates at a broadly break-even position. However the service has failed to deliver the income surpluses set in recent budgets.

8.2 The Indoor Market Hall at Eastgate Shopping Centre is now 50 years old and requires significant investment in short term repairs (c £100,000) and longer term refurbishment (c. £1m). These figures will have to be quantified and tested alongside a business case and investment analysis once the results of the procurement exercise are known. Capital receipts may be able to fund some of the investment, but this would be at the expense of other projects.

8.3 A recent Commercial Review undertaken by Marketing Gloucester has shown private sector interest in operating the markets service and confidence that with the right level of investment and more commercially focussed management the service is viable. The extent to which an outsourced service can either reduce the City Council's liabilities and/or increase our income will only be known following a procurement exercise.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 The City Council owns exclusive rights to hold markets and fairs in Gloucester by virtue of the Royal Market Charters granted to the Council as mentioned in paragraph 3.1 above.
- 9.2 The procurement exercise proposed in this report will be undertaken in accordance with the City Council's Contract Rules as set out in Part 4 of the Constitution and the Public Contracts Regulations 2015.

(One Legal have been consulted in the preparation this report.)

10.0 People Impact Assessment (PIA) and Safeguarding:

- 10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

- 11.1 None

Sustainability

- 11.2 None

Staffing & Trade Union

- 11.3 The potential transfer of an undertaking (the Markets Service) to a third party will trigger TUPE and consultation with staff and Trades Unions will be part of the process.

Background Documents: Commercial Markets Review undertaken by Marketing Gloucester. The report contains information which is commercially confidential and exempt from publication.