

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive (Place)

to
Cabinet

on

10th January 2017

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and Business Development

**Future of Southend General Market
Place Scrutiny Committee
Executive Councillor: Councillor Ann Holland
Part 1 Public Agenda Item**

1. Purpose of Report

- 1.1. To provide Cabinet with an update on the activity of the Thursday General Market in the High Street following three years of trading.
- 1.2. To seek Cabinet's approval for the next steps for the market to ensure its continued growth and sustainability.

2. Recommendation

- 2.1. **That Cabinet considers the options set out in this report and approves the recommended approach of outsourcing the market to an experienced operator external to the Council.**

3. Background

- 3.1. During the initial work for the Market Task and Finish group, background research from consumers and businesses indicated that a weekly High Street market would be positively received. Members agreed to progress the introduction of a general market in the town centre which was implemented by officers and has been operating since October 2013.
- 3.2. Over the last three years Southend General Market has grown to 20 stall holders, totalling 45 pitches. The market is made up of the following traders:
 - Homeware
 - Ladies Clothing x3
 - Plus Size Clothing
 - Menswear
 - Plants/Garden Ornaments
 - Giftware
 - Pet Food and Accessories

- Food
- Greengrocer
- Breads, Pastries and Patisseries
- Cheese and Pies
- Jewellery and watches
- Fishmonger
- Haberdashery
- Bed Linen and Throws
- Footwear and Accessories
- Cosmetics

3.3. Officers in the Economy and Tourism team have continued to work to maintain the market's current size and vitality. Gaining new stalls offsets those lost in a volatile environment and the market now enjoys a consistent number of stalls each week. The Market Task and Finish group has expressed a clear ambition to see the market offer develop further and expand.

3.4. Since the introduction of the market it has been managed through the Council's Town Centre Management function. This has been additional to the existing workload but has been able to draw on some additional temporary resource in the team such as an apprentice and has involved close working with key traders. However, to further expand and enhance the market the resources available to support it must be reviewed if the growth is not to be to the detriment of other town centre management activities.

4. Options

4.1. There are three options for consideration

4.2. **Option 1** – This is the preferred option with the management of the market outsourced to an experienced market operator via a procurement process. From early soft-market testing there are already two interested parties, one current trader on the Thursday market and the other from Essex Farmers Markets who operate the Saturday Farmers and Craft Market as well as seven other markets in the region.

Outsourcing the market would mean that the day to day management, organisation and running of the market would be undertaken by an external party with a proven track record of market management. The Town Centre Manager would be the point of contact for them but it would significantly reduce the time currently invested by the Town Centre Manager, Rating and Income (in managing payments) and Parking Management (in managing access and permits). It would also continue to generate an income for the Council while retaining the presence of the market.

4.3. **Option 2** – Recruit a part time in-house market manager to be responsible for the day to day operation of the market and promotion. As a dedicated resource they would be tasked with not only maintaining and growing the existing market but exploring options for additional markets and related activities. Based within the Town Centre Management function this would reduce some of the draw on officer time while maintaining the delivery of the market. Financially it would be

likely to result in a broadly cost neutral exercise as employee costs would offset any current surplus generated.

- 4.4. **Option 3** – Do nothing. This could either see the market stay as it is or increase the market with a reduction in other town centre management activity. As the Task and Finish Group has already expressed a clear ambition to see the market further expand, and a range of interventions and support are required to work with town centres in the face of a changing environment, this is not considered to be a viable option.

5. Reasons for Recommendations

- 5.1. The preferred option is option 1 which is to outsource the market. As a result the general market would benefit from industry expertise and contacts as well as the ability to grow and enhance the offer. It would also have the benefit of releasing up officer time to focus on other activity.
- 5.2. To provide a long term approach and secure return on investment from an operator a three year contract with an option for a further two years is recommended. This would include a financial model which would ensure that the Council continues to receive a revenue from the market(s).

6. Corporate Implications

- 6.1. Contribution to Council's Vision & Corporate Priorities

Prosperous – The General Market was introduced, and has subsequently been continued, to add further vitality and variety to Southend's High Street. This serves to attract footfall into the town centre supporting existing businesses as well as the individual market traders. It has also offered an opportunity for local charities to raise awareness of their activities in supporting the communities of Southend through the charity stall which changes charity each week.

Excellent – The enhancement of the general market and potential addition of other specialist markets drawing on expertise, capacity and networks beyond those already in place would deliver a continually improving offer.

- 6.2. Financial Implications

The market based upon the current number of traders generates a net surplus to the Council of circa £32k per annum. However, as trader numbers fluctuate the net income will also vary.

Should the recommended approach be adopted, the new market operator will be liable for the business rates, marketing and promotions, and all resources necessary to administer and manage the market.

The Council could either enter into a fixed fee or profit sharing option with the appointed contractor with set milestones for improvement. However, the financial arrangement would need to maintain the Council's net income position at the relevant time otherwise there will be a cost to the Council of outsourcing

the management of the market. Any shortfall in the procurement would need to be funded from within the existing budget of the Place Department.

The aim is to provide a vibrant sustainable offer to the public whilst achieving a viable market for both the Council and the market operator.

6.3. Legal Implications

The market currently has planning consent for 45 stalls. Expansion of the market and/or the introduction of specialist markets in other locations, would require further planning consent.

Regulatory requirements regarding the sale of goods must also be met. Draft regulations have been developed and assessed by the Council's legal team but may need to be further amended to reflect the changing times of the market.

Outsourcing the management of the market would be undertaken through a compliant procurement process with appropriate contracts in place for the duration of the term.

6.4. People Implications

Outsourcing the market would reduce the additional duties within the Council's Town Centre Management area and therefore enable officers to focus on other key areas of delivery, such as supporting secondary trading areas i.e. Thorpe Bay, Leigh-on-Sea etc.

The current billing system for the general market is creating an additional burden on the workload of the Revenues Team as well as the Traffic Management Section, whereas a fixed contract with a market operator or profit share arrangement would only require one point of contact rather than dealing with each individual trader so would further reduce the draw on Council staff time.

6.5. Property Implications

The High Street is owned and maintained by the Council. Any other sites would could accommodate further specialist markets would have to be considered on a case by case basis.

6.6. Consultation

Shoppers and businesses were consulted regarding the introduction of the market and generally found to be supportive.

Initial soft market testing to gauge whether there would be any interest in the outsourcing of the market has identified two potential opportunities.

6.7. Equalities and Diversity Implications

None

6.8. Risk Assessment

A full assessment of interested parties would be undertaken during the procurement process which would minimise financial and reputational risk to the Council.

The risks of not introducing dedicated resource to supporting the market are that the existing market may begin to dwindle, opportunities to enhance the market are limited and the additional activities to further integrate this in the town centre offer cannot take place without a detrimental effect on other town centre activities.

6.9. Value for Money

A financial model would be put in place with any outsourced operator to ensure that the Council continues to receive a revenue return from the market proportional to the market opportunity.

6.10. Community Safety Implications

None

6.11. Environmental Impact

None

7. **Background Papers**

None

8. **Appendices**

None