

**REDDITCH MARKET**

Relevant Portfolio Holder	Cllr Greg Chance - Portfolio Holder for Planning, Regeneration, Economy and Transport
Portfolio Holder Consulted	√
Relevant Head of Service	Kevin Dicks – Chief Executive
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Key decision

**1. SUMMARY OF PROPOSALS**

- 1.1 Redditch Outdoor Market is one of three markets managed and operated through North Worcestershire Economic Development and Regeneration (NWedr), a shared service hosted by Wyre Forest District Council (WFDC) established under a Collaboration Agreement in May 2011.
- 1.2 The other markets in its portfolio are Bromsgrove and Kidderminster outdoor markets and the NWedr Client Management Group has instructed officers to explore options for the future operation and management of all three markets.
- 1.3 As part of this process, NWedr commissioned the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) to carry out a review and provide advice on the respective markets.
- 1.4 In addition and to help inform any future consideration, the Cabinet, at its meeting on 14<sup>th</sup> April 2015 resolved that the NWedr service invite informal expressions of interest from market operators for the future management of Redditch Outdoor Market and a report on the outcome of the process be brought to a future meeting of the Executive Committee.

**2. RECOMMENDATION**

**The Executive Committee is requested to RESOLVE that**

- 1) authority be given to undertake a procurement process in order to select an external provider in respect of the management of Redditch Outdoor Market for an initial term of 5 years with an option to renew for a further term of between 2 and 5 years;;**
- 2) the delegation in relation to the direct management of the market contained in the Collaboration Agreement relating to the provision of Economic Development and Regeneration Services, be amended to reflect the decision at 1);**

- 3) the conduct of a procurement and contracting process to select and appoint a contractor to manage Redditch Outdoor Market be delegated to Wyre Forest District Council in consultation with the Chief Executive and the Portfolio Holder for Planning, Regeneration, Economy and Transport and**
- 4) delegated authority be granted to the Head of Legal Equalities and Democratic Services to amend the Collaboration Agreement referred to at 2)**
- 5) the representations/issues and the proposed response of two letters sent to the Executive Committee be noted**

**3. KEY ISSUES**

**Financial Implications**

- 3.1 The 2015/16 revenue budget to support the existing operation is £87,950. It is anticipated that the appointment of an external contractor to manage the market would reduce this net cost. This would be subject to the payment of an agreed management fee to NWedr, whilst securing a guaranteed income for the proposed minimum five year contract term.

**Legal Implications**

- 3.2 NWedr currently directly manages the Redditch Outdoor Market on behalf of the Council, under a Collaborative Agreement relating to the provision of Economic Development and Regeneration Services between the Council, Bromsgrove District Council and WFDC, which is the host authority.
- 3.3 Although the proposal is seek to appoint an external contractor to manage the market, the management of that contract will still be undertaken by NWedr and the contract will be between the host authority, WFDC and the contractor.
- 3.4 The current delegation to WFDC is for the operation of the market in Redditch, including the letting of stalls and general day to day management of the market. Therefore, an amendment to the delegation in the Collaboration Agreement will be required to reflect the fact that instead of providing this direct service, the management of a contract with an external provider will ultimately instead be provided by WFDC (through NWedr).
- 3.5 There are no employment /TUPE implications for the Council arising from the proposal to appoint an external contractor as the staff currently providing the service are employed by WFDC.

**Service / Operational Implications**

- 3.6 Redditch Outdoor Market is one of three markets managed and operated through NWedr, the others being Bromsgrove and Kidderminster Outdoor Markets. Kidderminster Outdoor Market is run by an external market operator, through the Shared Service, by way of a contract with Wyre Forest District Council. This contract is due to be tendered for renewal during 2015.
- 3.7 The NWedr Client Management Group has instructed officers to explore options for the future operation and management of Redditch and Bromsgrove markets.
- 3.8 In considering the future operation and management of Redditch Outdoor Market, the Council should aim to:
- create a competitive, diverse, sustainable and thriving market
  - maintain a regular income
  - minimise its costs
- 3.9 As part of the exploratory work, the consultancy arm of the National Association of British Market Authorities (NABMA) – National Market Place (NMP) was commissioned by NWedr to carry out a review and provide expert advice on the three respective markets. A summary of this advice, in so far as it relates to Redditch Outdoor Market, is set out in Appendix 1.
- 3.10 Whilst NMP recommend that the future interests of Redditch Outdoor Market would be best served by appointing an external contractor to operate the market, Members will recall the earlier report they considered in April 2015 and the decision that NWedr would undertake a ‘soft market testing’ exercise to identify potential interest from private operators in managing the Redditch Outdoor market.
- 3.11 During May 2015, NWedr subsequently invited informal expressions of interest, based on a draft specification as set out in Appendix 2, from existing market operators to help inform any future consideration as to whether or not to procure an external market operator.
- 3.12 The informal expressions of interest took the form of soft market testing and soundings from potential operators and existing operators with relevant experience, expertise and advice who commented on the draft specification.
- 3.13 The draft specification gave operators the option to comment on running a 3 or 5 day market utilising either the existing “fixed” stalls, using demountable stalls or using a mixture of both.
- 3.14 With the exception of the comments set out in paragraphs 3.15.1 to 3.15.5 below, all the operators agreed that the draft specification included everything

that they would expect to see within a tender document for the operation and management of an outdoor market.

3.15 A summary of the operators' comments is set out below:-

**3.15.1 Future stall holder charges:**

- "The Council may wish to include in any tender document, a requirement to set out increases in daily stall holder charges by a set amount each year so that traders would be able to plan for future increases."

**3.15.2 Fixed stalls vs Demountable Stalls:**

- "Demountable stalls on each market days works best"
- "Having a cleared space for the market is best as it looks good even when empty, but then looks even better when a full market is within it."
- "A cleared site is better"
- "Many traders like demountable stalls"
- "Existing stalls are unattractive and unappealing to operators. Removing them would be the best option"
- "If reduce to a 3 day general market can't really have a mix of both fixed stalls and pop up specialised markets to fill the gap in trading days"
- "RBC can't regenerate the market with the existing stalls because there will always be empty stalls – particularly in bad weather. With pop ups an operator can erect as many stalls as is required for the number of traders on each day – even if bad weather reduces the number of traders the market will appear busy."
- "Empty stalls are so unattractive"
- "We would already be committed to paying the relevant costs ie business rates, purchasing stalls and putting them up and taking them down plus transport and storage"
- "Food market operators and traders often bring their own stalls – so a cleared space works for them"

**3.15.3 Five days vs 3 days:**

- "The right to operate on more than 3 days per week needs to be any tender – eg start as a 3 day general market and after first 6 months provide an assessment of providing additional market days and specialised markets".
- "5 day market is too much. There is more reason to go to a market if it is seen as an event"

- “3 day market is most attractive as it is an event”
- “We would not be interested in tendering for a 5 day market utilising the existing fixed stalls”

**3.15.4 Fee Basis:**

- “Flat fee acceptable” (4 operators stated this)
- “Redditch Borough Council pays an operator to run the market and if and when the market makes a profit, the operator receives a percentage of the profits and the Council gets an income as well.”
- “Consideration might be given to any tender document stating a number of thresholds and invite potential operators to submit the percentage fee to be received by the Council at each income threshold.”

**3.15.5 Other Comments:**

- “Saturdays are best days for specialist markets”
- “Current area is best location”
- “One operator would “need time” to build the market up”
- “A food court is a nice idea but potentially one for future – perhaps as a regular “fine food market”/specialised event rather than part of existing market.”
- “If time permits best to tender for a 1<sup>st</sup> October start (1<sup>st</sup> December too late) and avoid starting in January, February or March”.

**3.16 In summary therefore, all existing potential operators consulted would:**

- prefer to operate a future market from a cleared site, free from the existing fixed stalls
- provide and provide for the storage and transport of new demountable stalls and put them up and take them down on relevant market days
- seek to provide an alternative layout using the demountable stalls
- actively promote the market both to potential traders and to the wider public and
- seek to bring additional markets on both market days and additional days, using the existing market space and/or the designated events space as required, working alongside the Council’s events team accordingly.

3.17 Given the feedback from potential operators, it is apparent that a 5 day per week market operating from fixed stalls is an unattractive proposition to them and including it within a tender document is likely to mean that there will be little or no interest in the market operation from external private operators.

3.18 At its meeting on 12 March 2013 this Committee approved the Recommendations of the Overview and Scrutiny Committee's scrutiny of the Redditch market.

The five outstanding operational recommendations are:

- Recommendation 3:  
Reduce the number of general market days to no more than three days a week.
- Recommendation 4:  
Hold more speciality markets on non general retail market operating days
- Recommendation 10:  
Realign and extend the market layout past its current location
- Recommendation 12:  
Explore the feasibility of introducing a covered food court area
- Recommendation 13:  
Introduce alternative stalls to improve the overall visual appearance of the market

3.19 Given the advice from NMP and following the soft market testing with potential operators, it is considered that the five Recommendations would be best taken forward through the market being operated by an external provider.

### **Traders Representations**

3.20 Members are also advised that two undated letters have been sent to the Executive Committee from market traders representatives. The first made representations, with regard to any potential future outsourcing of the market and a number of other related issues. The second letter referred more to promotion. The representations/issues and relevant comments are set out below:-

<b>Letter 1: Representation/Issues</b>	<b>Proposed response</b>
Reduction from five days per week to three days per week trading.	<i>The Executive Committee has previously approved the recommendations of the Overview and Scrutiny Committee to seek to reduce the general market days from 5 days to 3 days per week to make the market more of an "event". In addition the potential exists for an external operator to aim to bring at least as</i>

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	<i>many customers and traders to a three day market as are now on the five day market.</i>
The traders do not want the market in Redditch to be run by a private organisation.	<i>An external operator should have far more resources, experience and expertise to invest in the market than either the Council or NWedr. This should bring about a reenergised market which should benefit the traders and the town centre.</i>
We feel there has not been enough contact with the company dealing with the review.	<i>No company was appointed to deal with the review. Consultants were commissioned purely to review and provide independent, impartial advice for all three markets in NWedr's portfolio, plus give options as to their potential future operation and management.</i>
How many of your colleagues and yourself purchase from the market or communicate with traders on a regular basis.	<i>Noted.</i>
We feel that we have not had very much support from the council regarding concerns for the markets future	<i>Traders representatives were updated regarding the market's future at a meeting on 4<sup>th</sup> March 2015 and Traders were written to on 23<sup>rd</sup> March 2015 to advise that options were being considered for the future operational management of the market. Traders were also advised that on 14th April 2015, the Executive Committee was to consider a report seeking approval to invite market operator companies to put forward informal proposals and potential options as to how they might, in the future, consider operating one or both of the markets currently operated by NWedr. They were advised that any future proposals regarding the potential future management of the market will be the subject of further future reports to the Executive Committees and that traders will be kept updated. Traders were given details of who to contact in the event of any related queries. Traders were invited to a briefing meeting on 6<sup>th</sup> July to update them accordingly.</i>
Various shops in the local areas to the market have previously stated to traders that when the market is not in operation they have noticed a drop in sales on those days and find business quieter. This shows that the market is the main hub of the square which in turn supports local business and economy.	<i>The potential exists to seek tenders from operators on a minimum 3 days with options to increase trading days following an initial operating period. In addition, the opportunity should exist for an external operator to bring in "specialised" markets on other days of the week. These</i>

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	<p><i>potential opportunities should bring about a re energised market which should benefit the traders and the surround area.</i></p>
<p>Another option for the running of Redditch market is to talk to all traders about running it as a co operative</p>	<p><i>Any properly constituted organisation will be able to submit a tender for the management and operation of the market. If the traders wish to form themselves into a suitably constituted organisation and submit their tender then it will be considered alongside any other submission received. Additional support is available for this.</i></p>
<p>Pop-up style Stalls are not required and would mean unnecessary finances being used.</p>	<p><i>The Executive Committee has previously approved the recommendations of the Overview and Scrutiny Committee to look at the possibility of introducing pop up stalls. The existing fixed stalls do not provide the flexibility which the Council is seeking. Any pop up style stalls would be supplied by an external operator who would make the necessary business decision and finance them accordingly. Neither the Council nor NWedr would fund the acquisition of new stalls or any other related equipment or the cost of erecting and dismantling.</i></p>
<p>The above mentioned stalls have been publicised as a high cost to purchase and put up and take down each day.</p>	<p><i>The capital cost of providing the required number of replacement pop up style stalls and associated equipment has estimated by 2 independent sources, as being around £40,000.</i></p> <p><i>The revenue cost of storing, putting pop up style stalls up and taking them down has been estimated at £31,208 per annum.</i></p> <p><i>Any pop up style stalls would be supplied by an external operator who would make the necessary business decision and finance them accordingly. Neither the Council nor NWedr would fund the acquisition of new stalls or any other related equipment or the cost of erecting and dismantling.</i></p>
<p>All we require are new covers and sides and backs. Sides etc could be erected by stall holders themselves. Anchor points at the rear of each stall could be provided. 5 day traders could clean their own top covers every season.</p>	<p><i>The existing fixed stalls do not provide the flexibility which the Council is seeking.</i></p>



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Traders clean up area after trading and use the bin bags supplied. Several of the traders also check to see if areas tidy and if not remove.	<i>Noted. The Council is grateful to the traders for their assistance in keeping the market area clean.</i>
There is a problem on the green with pigeons and dog mess.	<i>Noted. The relevant section of the Council has been advised and will seek to take the appropriate action.</i>
Publicity for the market and the activities available in the market areas at certain times of the year eg Christmas Easter and summer.	<i>The Council and NWedr already support, organise, promote and publicise such events.</i>
We would like to know if there is any chance we would be able to have help in setting up and running a face book page for the market.	<i>A promotional and communications plan is being developed for the remainder of 2015 which aims to include utilising social and other electronic media. The traders support and input is welcomed accordingly.</i>
There had been some mention of the council doing a scheme where traders would be able to received card payments. Is there any further information on this?	<i>Traders have previously been advised of the opportunities – through private companies - for customers to make card payments. However, it is for traders themselves to contract directly with such companies if they want customers to be able to pay in this way.</i>
The “traders car park” - concerns in that non traders are using it.	<i>A proposed traffic order for the trader’s car park, rear of post office and library is currently being progressed at Worcester County Council. Once complete this order will mean that traffic wardens have the ability to ticket cars without permits. As previously discussed with traders there will be a charge for such permits. In the meantime the Kingfisher Centre has been asked to inform all tenants that staff shouldn’t be parking there as it’s a private car park.</i>
We would like to find out about the price to advertise on the big screen in the Kingfisher so we could advertise the market	<i>This will be part of the promotional and communications plan referred to below.</i>
<b>Letter 2: Issues</b>	<b><i>Proposed response</i></b>
The market has diminished due to lack of support and investment. We need to have investment again.	<i>The Council has limited resources to invest in the market which is one of the reasons why consideration is being given to looking at options for its future operational management. It is considered that an external operator – in whatever form that might take - will be able to provide the appropriate investment and resources that are required to take the market forward to add vibrancy to the town centre.</i>
More publicity and advertising is needed and the web site needs updating on a regular basis	<i>Advertising in the local press has previously taken place and the market was widely promoted in May 2015 as part of the national “Love your Local Market” campaign. Traders</i>

	<p><i>also have “Redditch Market” branded bags. A promotional and communications plan is being developed for the remainder of 2015 which aims to include utilising social and other electronic media. This can include the feasibility of advertising on the traffic islands and utilising the big screen at the Kingfisher Centre which would follow up advertising that has previously taken place at the shopping centre. The traders support and input is welcomed accordingly.</i></p>
Signage	<p><i>Redditch Borough Council officers are meeting with Worcestershire County Council to progress a signage scheme to include reference to the market in late July. .</i></p>
New business start up promotion	<p><i>The web site and previous press advertisements and press releases have promoted the market as location for new start up businesses. Offers have included “rent free” and “discounted rent for stalls” (for a limited period). The promotional plan referred to above will include the further promotion of these offers.</i></p>
Centre management committee input	<p><i>The Kingfisher are represented on the Town Centre Partnership who have a very keen interest in the market although have no authority to make any changes. The TCP have asked the market traders to send a representative to meetings in the past but this has never come to fruition however in recent weeks discussions have been had conversation one of the Market Traders who has agreed to attend future meetings.</i></p>

**Delivery Options**

3.21 With the soft market testing process now complete, the following options for the future management and delivery of Redditch Outdoor Market are proposed.

Option	Description	Advantages / benefits	Disadvantages / risks
<p><b>Option 1</b></p> <p>Market remains the same i.e. continues to be operated and managed by NWedr.</p> <p>Council pay NWedr annual sum to operate a general market</p>	<p>5 day per week general market</p> <p>NWedr collect stall charges on Council behalf</p> <p>Council retains stall charge income</p>	<p>Council retain control over rents, fees and single trade policy</p> <p>Continuity in terms of management and staffing</p>	<p>Market does not maximise its income potential</p> <p>Reduced scope for introducing speciality markets and events</p> <p>On-going obligations for Council in terms of maintenance and repair of stalls</p>
<p><b>Option 2</b></p> <p>Private management and operation of market</p> <p>Council pays Private Operator a management fee during the contract period, to operate market and after an agreed income threshold has been achieved (set at tender stage) a percentage of the additional income be received by the Operator</p> <p>Trading regulations to be similar as existing</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects stall charges on Council behalf</p> <p>Council retain a percentage of stall income</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Operator has financial incentive to perform</p> <p>Council retain proportion of income</p> <p>Council potentially benefit from any increase in income arising from increase in stall occupancy and additional markets</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Council to input into setting of stall charges</p> <p>Improved vibrancy of the market and town centre</p>	<p>Council paying out a base line management fee to contractor and NWedr</p> <p>There needs to be greater trust between Council and Operator</p> <p>Potential loss of existing traders</p>

<p><b>Option 3</b></p> <p>Private management and operation of the Market</p> <p>Operator pays Council an annual fee during the contract period for the right to operate the market.</p> <p>Fee to be increased annually according to Consumer Price Index or “Stepped” increases as agreed at beginning of contract.</p> <p>Trading regulations to be similar as existing</p>	<p>3 day per week general market with option to hold additional markets on selected days</p> <p>Private operator stores, transport, erects and takes down stalls</p> <p>Operator collects and retains stall charges</p> <p>NWedr manages contract as part of the Collaboration Agreement</p>	<p>Maximises the initial contract value</p> <p>Guaranteed income for the Council</p> <p>Maintenance and replacement of stalls transfers to operator</p> <p>Improved diversity and vibrancy of the market and town centre</p> <p>Minimal expenditure for Council</p>	<p>Council potentially does not financially benefit from any increase in trader income following improved trader numbers</p> <p>Lack of control over market policy and fixing of stall charges</p> <p>Potential loss of existing traders</p>
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**Preferred option**

- 3.22 Taking into account the advice received by NMP, the previous decisions of the Executive Committee and the views of the private operators via the soft market testing exercise, the preferred option is to commence a procurement exercise to externalise the management and operation of Redditch Outdoor Market.
- 3.23 Given the Council’s limited resources, it is considered that the management of the market by an external operator under Options 3 above provides the best opportunity to fully maximise the income to the Council, at the same time as making savings in expenditure, whilst also creating a competitive, diverse, sustainable and thriving market that adds to the overall offer and vibrancy of Redditch town centre

**Customer / Equalities and Diversity Implications**

- 3.24 There are benefits to externalising the market as an external operator will be able to bring a new commercial focus, a fresh approach, added experience and additional markets which should contribute to the regeneration and improvement of the town centre.

**4. RISK MANAGEMENT**

- 4.1 There is a risk in that the tender prices received may not equate to at least the current net income received. However this is balanced against the potential increase in expenditure that would be required from the Council if it were minded to continue to operate the market through NWedr and potentially purchase the required demountable stalls, store, maintain and replace them, employ staff to put them up and take them down and acquire the associated equipment.
- 4.2 Should the tender price result in a reduction in income, the “trade off” would be the completion of the remaining Recommendations summarised in paragraph 3.20

**5. APPENDICES**

Appendices 1: Summary of National Market Place report

Appendices 2: Draft Specification

**6. BACKGROUND PAPERS**

Information from the National Market Place Report (redacted to remove confidential personal data)

Executive Committee Report April 2015: Redditch Market

Executive Committee Report March 2013: Redditch Market

Two letters on behalf of Market Traders

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