



# **Market Consultancy Report**

## **North Worcestershire Economic Development & Regeneration**

**Report – December 2014**

**Note that this version of the report has been redacted to  
protect the confidentiality of individuals**

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# 1. Introduction

In September 2014 NABMA Market Place (NMP) were appointed by North Worcestershire Economic Development and Regeneration to carry out a review of Kidderminster, Bromsgrove and Redditch markets and provide expert advice on the future of the market.

## Background Information

The 3 markets are all outdoor markets, operated by North Worcestershire Economic Development and Regeneration (NWedr) through a “shared service” hosted by Wyre Forest District Council. Each market however is and has been operated differently, due to historical issues.

### Redditch Market

An outdoor market sited in the pedestrianised area of Redditch town centre (Market Place) and comprising up to 35 permanently fixed stalls and several trailer/catering vans stalls.

The market currently operates 5 days a week on Monday, Tuesday, Thursday, Friday and Saturday.

The Redditch market is operated by NWedr who collect the rents and oversee the day to day operation. Income collected is retained by Redditch Borough Council.

In 2013/14 Redditch Borough Council received a surplus of £25,000

## Methodology

In order to carry out the review, the following project methodology was adopted:

### Desktop review

This stage of the review used a combination of web-based and documentary research. This included the information and data provided by Council.

### Site visits

Visits were made to each market. In addition, the surrounding retail, leisure and commercial areas were studied.

### Stakeholder consultation

Interviews were conducted with key operational team members at NWedr, discussions with the senior officer's in Economic Development, LSD Promotions and some market traders past and present.

### Evaluation criteria

Research has identified a number of ‘critical success factors, for retail markets. For a market to succeed and be sustainable it is important that it has at its heart as many of the critical success factors as possible. Those success factors, (expanded in Appendix 1) are:-

- Sense of place
  - Critical mass
  - Good management
  - Accessibility and permeability
  - Marketing and PR
  - Safety and security
  - Integration with surrounding retail offer and community
  - Partnership working
-

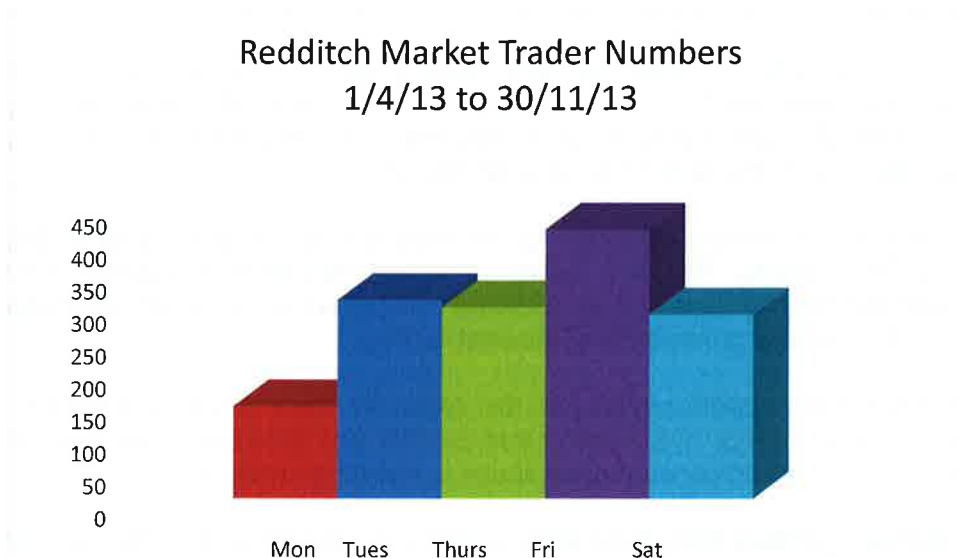
## 2. Findings

### Redditch Market

Redditch market is operated by NWedr on Monday, Tuesday, Thursday, Friday and Saturday. The market is located in Market Place having been relocated a number of years ago following the extension of Debenhams to Kingfisher Shopping Centre. This outdoor market in the opinion of NMP sits in the best available outdoor location.

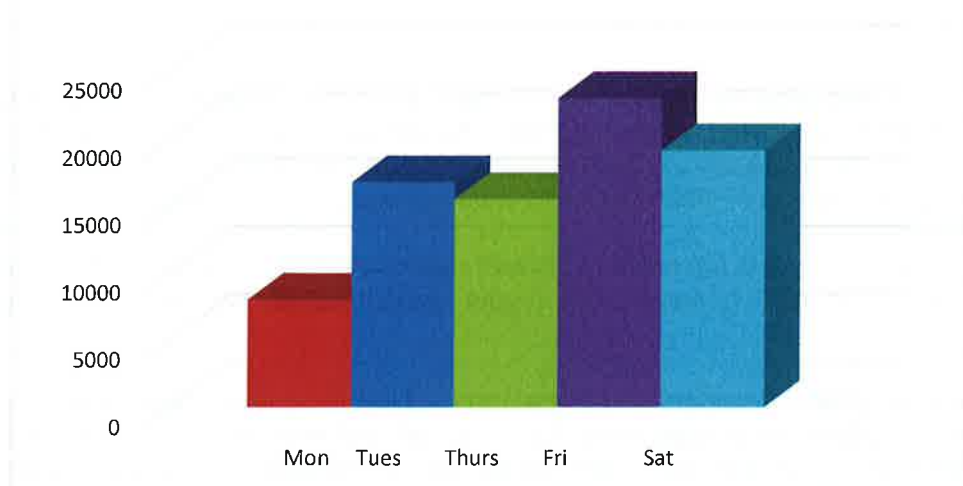
The market, like Bromsgrove is operated by NWedr operational team. Most of the actual market stalls are fixed and generally the layout encompasses Market Place and Alcester Street.

Trader numbers are pretty consistent and there does appear to be large trader loyalty to the market. Some traders will occupy more than one stall and most trade on the market for 3 or more days per week. For trader attendance the most popular days, in order, are Friday, Tuesday, Thursday, Saturday and Monday. With regards to income, the order is pretty similar although due to Saturday's higher rental levels Saturday becomes the second best day for income.



*The chart above shows the total number of traders trading at Redditch market over an 8 month period in 2013/14.*

## Redditch Market Income 1/4/13 to 30/11/13



*The charts above shows total income derived from each market over an 8 month period in 2013/14.*

The market is by no means fully allocated and there is plenty of scope to increase income levels. It is unusual to find that the Saturday market is not the dominant day and it is suggested that nearby, and within traveling distance, there is a dominant Saturday market at Wellesbourne and this is likely to have an impact.

Whilst Market Place is potentially a nice setting, the stalls are not particularly appealing and do need regular cleaning. The area generally is not very inviting, especially on quieter market and non trading days. It is understood that plans exist for improving town centre signage, as the current provision is somewhat lacking.

The fixed stalls restrict the opportunity to use the space for other activities/amenities. The market is currently closed on Wednesday and Sunday and infrequently operates to capacity on any trading day and consequently space is taken by empty stalls.

Given that the market operates from fixed stalls and is only closed on Wednesday and Sunday this heavily restricts the opportunity to host themed, specialist markets. Operators of continental markets, French and Italian would seek to operate on two maybe three days minimum and always at the weekend. In NMP's opinion specialist markets of this nature would not work trading alongside the existing market and Alcester Street is not suitable for such markets.

There is potential for specialist markets such as Farmers, Craft and collectables as these markets are one day markets and can be delivered on the Wednesday or Sunday.

The market provided a surplus for Redditch Borough Council of £25,000 during 2013/14 and is on track to achieve at least a similar surplus for the current financial year 2014/15.

In 2013 Redditch Borough Council received the recommendations of a task review group that looked at ways to promote the market and analyse how the market would be best served in future years.

One of the main recommendations of the report was to reduce the days of opening from 5 days down to 3. This is legally possible as traders hold a daily licence and thus notice can be quickly issued and any market day can be closed.

In reducing days, Monday is an obvious choice as it is by far the worst trading day. The second choice is not so obvious. On income and attendance alone, Tuesday and Friday should be retained. There are more trader numbers on Thursday than Saturday although higher rents are received on Saturday. The charts above show an 8 month period in 2013/14 however using this information to provide for a full year Thursday would generate £23,234 while Saturday income would be £28,669 a difference of £5,435.

As a result if Redditch Borough Council felt there was enough opportunity to use the Market Place for other themed markets and non market events the difference in income is not that significant that closing the Saturday market is not out of the question.

It should be noted however that by reducing the trading days does present severe operational and financial implications. The closure of the two lowest income generating days (Monday and Thursday) would see a reduction in income of approximately £35,000 per annum. While there maybe some expenditure that can be saved by reducing the days these two days both still make a surplus and the £25,000 annual Net Income that Redditch Borough Council currently received would be eradicated.

In addition one of the main intentions in reducing the trading days is to permit alternative use of the space. By implication this requires the operational team to erect and dismantle the stalls. Depending upon which days are closed the market will still be open for 3 days.

The cost to do this operation would be as follows:

<b>Capital Cost</b>		<b>£</b>
35 Pop up style stalls		35,000
Vehicle and trailer	+	<u>5,000</u>
<b>Total</b>		<b>40,000</b>
<b>Revenue Cost</b>		<b>£</b>
Storage of Stalls		5,000
Erect / Dismantle (3 staff x 7 hrs. per day X 3 times per week x 52)		
Staff £8.00 per hour	+	<u>26,208</u>
<b>Total</b>		<b>31,208</b>

It is accepted that the erect dismantle cost are an approximation however the additional costs of £31,208 per annum coupled with the loss of income of £35,000 per annum would result in the market making a significant annual deficit.

In summary, the potential revenue implications are:

		<b>£</b>
Current net Income		25,000
Estimated loss of income (5 days to 3 days)	-	35,000
Estimated cost of erecting dismantling stalls	-	31,208

Savings and Extra income

Estimated Operational savings (2 Days salary saving) +	14,000
Estimates income from Specialist Markets +	<u>7,500</u>

**Forecast Net Deficit 19,708**

The benefits of introducing occasional specialist markets and using the area as an alternative events space would come at considerable cost.

With regards to the other recommendations in the task group's report NMP finds nothing flawed. The task group clearly have the market at heart and with some strong leadership there is no reason to suggest that a number of these recommendations could not be implemented provided appropriate resources were allocated.

NMP do note however that within the report there was no evidence challenging whom was best going forward to manage the market.

## 1. Market Operator

Across the three markets there are currently two operators LDS Promotions (Kidderminster) and NWedr (Bromsgrove and Redditch).

### **NWedr**

NWedr operate the Bromsgrove and Redditch markets. NWedr started to operate Bromsgrove market and then when further Council service amalgamations took place NWedr were asked to manage Redditch market.

The operational team consists of [REDACTED] and agency staff as and when required. This team erects and dismantles the Bromsgrove stalls, allocate stalls to casual and permanent traders and collect the rent.

In addition to the operational team there is added administrative support provided by the Economic Development team.

In the opinion of NMP NWedr have done exceptionally well to continue to provide a service and ensure a net income to Redditch Borough Council.

It is strongly noted that managing markets is not NWedr core business activity. [REDACTED]

For the markets to maximise their potential the market management team is critical.

On the visits to the markets and further research, the markets would benefit from some additional strategic management, given that the market function forms only part of the officers' work responsibilities. It is suggested that this would include developing:-

- Visions and Strategies for both markets
- Effective performance management
- Senior "market champions"



- Proactive, commercially - focused operational management of the service
- A focus on new business start up opportunities
- Marketing and promotional strategies
- An effective web site and use of social media
- Improved stakeholder and trader engagement
- Improved street signage

NWedr should be commended for their commitment and drive in that they clearly 'make the best of the available resource', however for long term development and sustainability, consideration should be given to looking at an alternative management model or provider to enable them to meet all the factors identified with successful markets as detailed in Appendix 1.

## 3. Conclusions

### Management

Bromsgrove and Redditch markets currently trade on a day to day basis and there is scope to develop management policies that are more proactive and strategic. Operationally they work, but both markets require strong directional management if they are to contribute in the delivery of vibrant town centres.



### Location

The location could not be bettered.

### Appearance

Redditch market is in need of some new stalls as their appearance is not at all attractive.

In addition there is currently minimal signage in the towns to direct visitors to the markets.

### Marketing

NWedr manage the marketing of Redditch. The website information is accurate but very unattractive. In the last year there has been a rebranding exercise for Redditch market coupled with some leaflets and local press adverts for that market. There is some further planned advertisement pre xmas and for 2015. There is however no social media presence.

### Financial Performance

Redditch Borough Council currently receives £25,000 per annum from their market operation and is on track to maintain a similar income in the future.

The level of income and annual surplus would seriously be reduced, if under the current operational regime, the trading days were reduced from 5 to 3 as per the recommendation proposed by the Redditch Market Task Group.

It is considered however that there is currently scope for Redditch market to maximise stall income potential.

## Prospects for Growth

Redditch market has the ability to continue to provide a good community market. The market has the foundation of a good loyal trader base. It maybe fair to say this market has stood still in recent years however with firm proactive management it has every chance of continuing to succeed.

## 4. Options

### Alternative management model

Nationally and internationally, there are a number of different management models available in relation to retail markets. In the UK, the majority of retail markets are still managed by local authorities. However, there is increasing interest in alternative models. One such, is to transfer the management of the markets directly to the market traders themselves, usually set up as a traders' co-operative. This interest has led to the development of national guidance.

The Department for Communities and Local Government has published guidance (attached) which sets out Retail Market Management Models:

<https://www.gov.uk/government/publications/retail-markets-management-models>

Information on the business support programmes for new and existing market traders, is available from the National Market Traders' Federation (NMTF) website:

<http://www.nmtf.co.uk/>

### Potential Outsourcing of the Markets

Consideration should be given to outsourcing.

Redditch market is a strong local market that has a good loyal trader base and with a forward thinking management team in place Redditch market would most definitely benefit.

Redditch markets could maximise income and an alternative operator would look to ways in which income could be increased.

NMP would also suggest that the perfect time to do this would be when Kidderminster market is advertised for tender in the summer of 2015.

The reason for this would be:

- To seek the opportunity to ensure new stalls are introduced at Redditch
- To explore with the operator the potential to reduce the number of trading days at Redditch.
- Opportunity to regionally brand all 3 markets

NMP would recommend that consideration be given to invite potential operators to tender for each market individually and to express an interest to operate one, two or all 3 markets.

This methodology would not disqualify groups whom maybe interested in operating their local market and by offering a package it may provide the opportunity to maximising income using one, two or three operators across the market portfolio.

In addition by inviting individual tenders each authority can receive its own market worth.

With regards to Redditch market it maybe a viable option to consider asking interested operators:

- a. The cost of providing new stalls
- b. The cost of operating 5 days a week
- c. The cost of operating 3 days a week

NMP would also recommend that an officer be appointed to manage the contract(s). This would not be a full time appointment but the monitoring of the contractor(s) performance is essential in ensuring the markets are operated effectively.

The structure to the tender document can however be different in particular the financial arrangement. The following options are available.

### **Option 1**

To follow the more traditional route and tender each market individually or as a package and invite applicants to state the annual fee they will pay the local authorities for the right to operate their market across the contract period.

#### **Pro**

A traditional route whereby each Authority is clear on the level of revenue to be received each year across the contract period.

#### **Cons**

The Operator makes a significant success of the market and the income received by the Authority is not a fair reflection of trade.

No incentive scheme for the operator.

### **Option 2**

To offer each market and/or the collective package to operate the markets over a 5 year period. However operators are invited to tender a price for each trading year during the 5 year period. This may result in a stepped increase across the contract period.

#### **Pros**

This usually results in an increase level of income received year on year.

Maximises the contract value.

#### **Cons**

The Operator makes a significant success of the market and the income received by the Authority is not a fair reflection of trade.

### **Option 3**

The operator is invited to submit a tender and provide:

1. The management fee required by the operator (paid by the Council) to operate the market.
2. After an agreed income threshold has been achieved (set at the tender stage), the percentage of the additional monies to be received by the operator.

On this contractual basis all rents received are paid daily / weekly into the Local Authorities bank.

The costs to be incurred by the operator would need to be established in the tender document.

**Pros**

The operator receives a base fee for managing the market and also receives additional monies based on financial performance.

The operator has a clear financial incentive to perform.

**Cons**

There needs to be a greater trust between Local Authority and preferred operator.

**Option 4**

The tender document stipulates a number of income thresholds and invites the operator to submit the percentage to be received by the Authority at each income threshold.

**Pros**

The operator has a clear financial incentive to perform.

**Cons**

The Local Authority may receive less income if the operator underperforms

There needs to be a greater trust between Local Authority and preferred operator.

**Summary**

Option 1 has been the more traditional route but as Local Authorities are becoming more relaxed about outsourcing their markets alternative options are now considered as the authority looks to maximize income.

Option 2 looks for an annual stepped increase. This is not unreasonable and in the case of smaller markets might be the best route. It should be acknowledged that a level of investment maybe required by the chosen operator of these markets and thus a lower fee maybe realised in the early contractual years.

Options 3 and 4 and more performance related based. This clearly provides incentives for the operator however there is a greater amount of trust required between Authority and operator and greater management involvement.

NMP would suggest given the size of Redditch markets the incentive options are not so attractive for an operator. As a result NMP believes option 2 should be the preferred route and would provide each authority the opportunity to maximize its own income levels.



## Signage

Consideration should be given to improving the external signage and information displays on the market as a matter of priority. This could be achieved by combination of fixed signage and street based mobile graphics. Examples are illustrated below.



## Stalls

A number of towns and cities around the UK are looking to introduce mobile markets and in some cases replacing the fixed stalls. Towns and cities were historically built around the market and as such a number of markets operate from good central locations in their centre. By introducing a pop up style market this frees the space (currently taken up by fixed stalls) that can be used for alternative events during the year.

The stalls can provide a new fresh look and branded to corporate colours and logos similar to those introduced at Bromsgrove.

The downside is obviously the added cost of purchase, repairs and erecting dismantling.







## 5. Recommendations

NMP would make the following recommendations:

- Consideration between the 3 Council's should be given to outsourcing Redditch within the same package as the Kidderminster Contract.
- If permission were granted, interested parties be invited to tender for one, two or all three markets.
- The length of the contract awarded should be 5 years.
- Operators to be invited to tender a price for each trading year during the 5 year period. This may result in a stepped increase across the contract period.
- That NWedr cease operating Redditch at the appropriate handover period.
- Prior to the conclusion of any tendering process, Redditch should remain as a 5 day week market.
- If a decision is made to outsource the markets joint funding should be made available to resource a client role to manage the contract(s) and to monitor performance.

# Appendix 1 Successful and Sustainable Markets - Critical Success Factors

The Retail Markets Alliance has reviewed a number of versions of Critical Success Factors for retail markets, and produced a 'hybrid' version taking the common and best elements of each. These are listed below. The more areas the market conforms to, the greater chance it has to succeed.

## **Sense of place**

Locations are said to have a strong 'sense of place' when they have strong identity and character that is deeply felt by local inhabitants and by many visitors. Successful markets such as La Boqueria in Barcelona, and Borough market in London clearly demonstrate this. This sense of place reflects not just the physical nature of the market and location but also the cultural and social diversity of the area.

## **Critical mass**

This measure looks at the scale of the market in relation to its location, and is not just about size. It is important that the market has critical mass for two reasons. Firstly, placing 25 stalls in a space that can support 125 stalls means that the market will appear small and inconsequential. Equally, a 20 stall market that fills its location is more likely to appear bustling and thriving. In relation to size, the larger the market, the more chance it has to survive economic downturn.

## **Good management**

Good management is fundamental to any successful market and should not be undervalued. Good decision making, effective communication, business acumen and the ability to deliver a safe, clean and inviting environment are essential. Equally, the effective capture, management and analysis of information and data is an important constituent of successful markets. It is both strategic and operational and recognises the need for, and delivers investment in markets.

## **Accessibility & permeability**

The market needs to be accessible for all users, so good transport links (public and private) are essential. The market must be welcoming with good entrances, and the interior must be designed to allow good customer flow. This factor also includes location, arguably, the single most important success factor. Markets placed in the wrong location fail.

## **Marketing & PR**

The market needs to be promoted to raise the awareness both for shoppers and to retain and increase the traders' base. Marketing strategies should recognise the market's brand and emphasise its 'unique selling point' (USP). There should be strong positive links with the local media.

### **Safety & security**

Customers do not like to frequent places that have high levels of crime and anti-social behaviour. Equally, they will react to perceptions of crime as well as actual crime. It is essential, therefore, that where this is an issue it is tackled robustly and effectively.

### **Integration with surrounding retail offer and community**

The market offer has to be understood in relation to the surrounding retail offer. Is the market competing with or complementing that retail offer? What differentiates the market offer from the other shops, so that it can attract and retain its own customer base? Equally, the market offer has to be aligned to its demographic base. Understanding retail customer profiles, spend patterns and values and the types of commodity and services that different customer types prefer is essential.

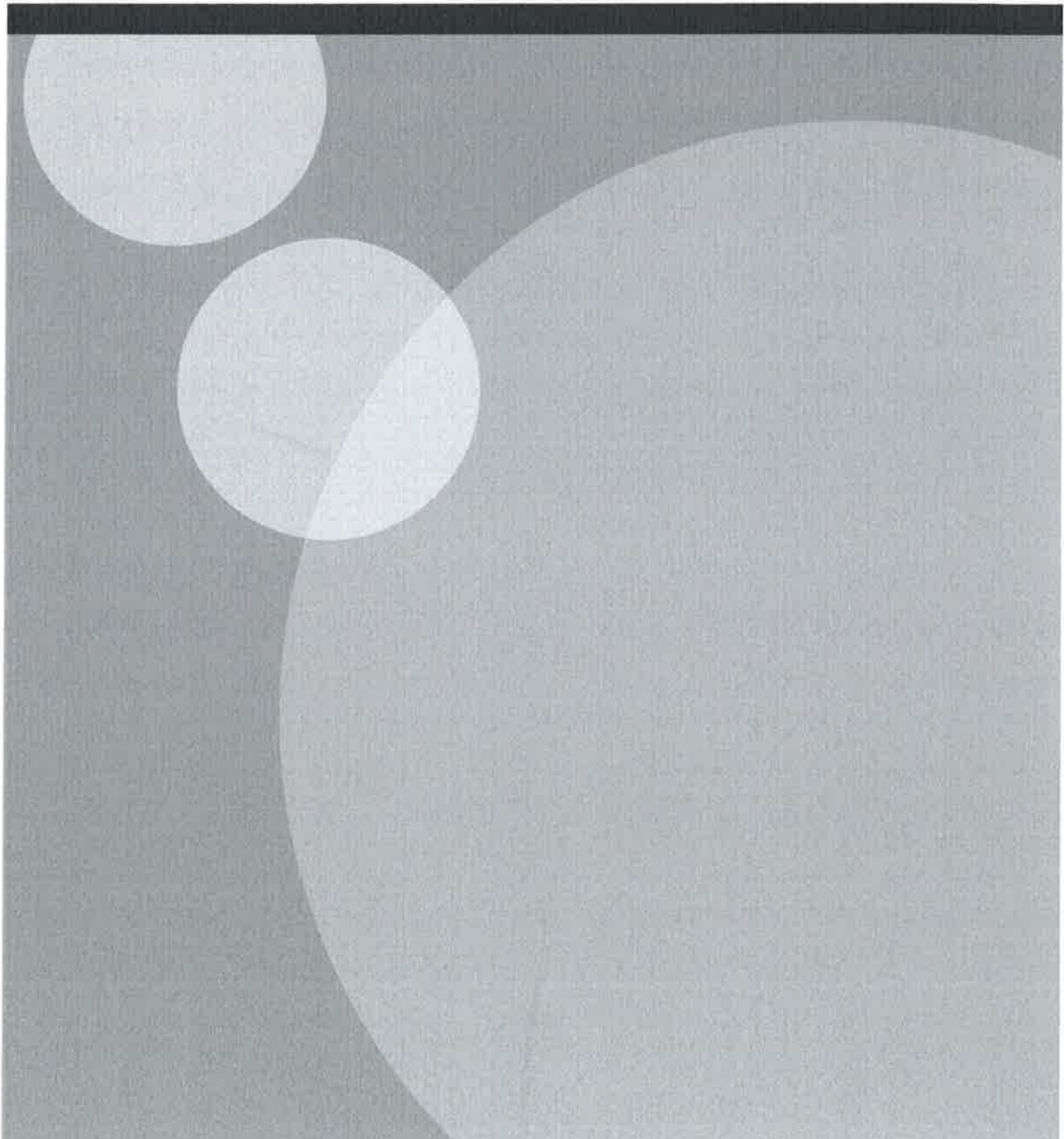
### **Partnership working**

Sustainable markets need partnership working. This involves not just effective working between managers and traders, but also building and maintaining links with, for example, other council departments, local businesses, town centre managers, local schools, colleges and universities, local primary care trusts, and the local media. They will vary from location to location.

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Retail Markets  
**Management models**







Retail Markets  
**Management models**

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The markets industry and the Government have come together to identify ways in which markets can be supported. This is important because a successful market has much to offer the local community – economically, socially and environmentally.

One of the key issues that has been identified as crucial to the viability and success of the market is the way in which the market itself is managed.

Although over half of all retail markets are operated by local councils there are a number of different models in use across the UK. This guide provides information on, and examples of, those models, but does not advocate one form of market management over another. Its purpose is to help inform debate, so that the most appropriate management model can be identified and implemented at a local level.

This document will be of relevance to local authorities, but the contents are designed to be of use to the industry as a whole. Further information on retail markets can be found at [www.nabma.com](http://www.nabma.com), [www.nmtf.co.uk](http://www.nmtf.co.uk) and [www.farma.org.uk](http://www.farma.org.uk)

This document is also the sister document of a report on how markets can support the local community (available at <http://www.communities.gov.uk/regeneration/publications/all/>), and is also relevant to a series of training modules for market traders, to be launched in October 2010, further details of which will be available at [www.nmtf.co.uk](http://www.nmtf.co.uk).

## Introduction

It is good practice for any business to regularly review the effectiveness and efficiency of its operation. In the case of markets, there are a number of factors that could influence such a review and the way the market is managed – the 'management model'. These include:

- Does the market currently operate at a loss?
- Does the market cater for the customer base/community needs of its catchment area?
- Is there currently sufficient experience and expertise to manage the operation?
- How will income (revenue) streams be maintained or increased?
- Is there a need to provide specialist markets?

# Types of management model

## Local authority

The majority of markets are still directly provided and managed by local authorities. This model offers the advantage of accountability, linking markets to wider policy strategic goals, and by understanding the 'public good' that markets provide.

### **Hinckley Retail Market**

Faced with the potential decline of its retail market Hinckley & Bosworth Council took a decision to invest in and improve Hinckley market's offer and performance. Over the past three years this has resulted in:

- Over £53,000 invested in new stalls.
- Stall rents frozen for three consecutive years.
- Improved partnership working with the town centre manager, chamber of trade, town centre partnership and business improvement district.
- Higher profile political support for the market.
- Improved systems and procedures.
- Occupancy levels at 95 per cent compared with 80 per cent in 2005-06.
- Turnover of the market increasing to £191,000 in 2008-09 from £108,000 in 2005-06 (an increase of over 75 per cent).
- Increased recognition of the benefits that the market brings to the town centre.
- Winner of 'Outdoor Market of the year 2010'.

Further information:

[www.hinckley-bosworth.gov.uk/pp/service/directory.asp?id=5031&Tree=4884&DetailID=3796](http://www.hinckley-bosworth.gov.uk/pp/service/directory.asp?id=5031&Tree=4884&DetailID=3796)

## Private

Many markets are operated directly by the private sector, either licensed by the local authority under its market rights, with their own charter rights, or in some instances, completely outside the licensing framework. This model offers the advantage of reduced bureaucracy and costs, an increased focus on the core business, and the opportunity for directly raising investment capital.

### **Worthing Seafront Market**

The Worthing Town Centre Initiative is a community interest company with an objective to enhance Worthing and to provide a vibrant and exciting town centre. Its aims include increasing footfall and helping to ensure that the businesses that choose to trade in Worthing are successful.

The town centre partnership's aim was to use a rejuvenated market as a catalyst to bring Wednesdays back to life in the town, increase footfall and allow the market to become a feature of the shopping week. This would also have a spin-off benefit for the shops within the town to increase their custom.

Following a tendering process, Town & Country Markets were selected to develop the market. Working in partnership with Worthing Town Centre Initiative, the private market operator introduced a new Wednesday market near the sea-front area of the town.

Before the market moved into Montague Street, Wednesday was the quietest trading day of the week with an average of 11,000 shoppers; since the market started there has been an increase to an average of 18,000 shoppers each Wednesday making it the second busiest day of the week in terms of footfall.

Further information:

<http://www.townandcountrymarkets.co.uk/shoppers/uk-markets/worthing-market/>



Image provided by Town and Country Markets



## Trader

There are a number of traditional and farmers' markets that are directly managed by the traders themselves. This offers the advantage of reduced bureaucracy and costs, and an increased sense of ownership by the traders. This model is an example of localism made real.

### **Cottingham Retail Market**

Faced with immediate closure of the market, the traders decided to take over the management of the market.

Cottingham market is a rural market trading one day a week in the town centre square, and was previously managed by a private operator. Just over 13 years ago, the management announced that the market was to close with immediate effect. The traders decided to take over the management of the market. With support from the National Market Traders' Federation, they set up a co-operative company to run the market.

Costs have been controlled – they do not employ a manager, and have a part-time cleaner. Rents have also been kept at a stable level.

The traders stand on other markets in the area and if any vacancies occur, use their local knowledge and word-of-mouth to recruit new traders.

The market appears to have weathered the recession. One trader occupying a number of stalls ceased trading in November 2008, but was replaced and the market of approximately 30 stalls is now full, and has been trading successfully as a co-operative for over 13 years.



Image provided by Krysztof Zasada, Nabma

## Partnership

These can range from the local authority retaining the strategic management of its markets but outsourcing the operational management, to a formal medium- to long-term joint venture between the public and private sector. These models are useful where the local authority lacks the in-house capacity and capability to effectively manage the markets, and where external capital investment is required.

A variation on this model is the emergence of public-public joint venture companies whereby local authorities at a sub-regional or city-region level transfer the management of their markets into a separate company. This not only creates economies of scale and increased purchasing efficiency but also allows for much better strategic planning. This model has the potential to match the development of local enterprise partnerships, which are a new proposal to empower a number of local authorities and businesses to come together to take action to support enterprise and drive economic growth in their communities.

### **Liverpool City Council joint venture**

Faced with a market portfolio operating at a significant loss, a need for capital investment, a lack of in-house expertise and a desire to expand the range of markets on offer, Liverpool City Council undertook a 'best value' review of its markets service. The outcome of this was a decision to seek a formal partnership with an external provider.

Following a formal tendering process, Geraud Markets UK was selected as the preferred partner. A joint venture company was set up with board of directors from Geraud Markets and the City Council. The management of the council's market portfolio was transferred to the company.

Since the market partnership was established significant progress has been made:

- The operation no longer trades at a loss and has returned to a small annual surplus.
- There has been significant investment into the outdoor markets infrastructure (stalls and chalets).
- There is now an extensive specialist and farmers' market offer in the city.

Further information can be obtained from:

[keith.cadman@liverpool.gov.uk](mailto:keith.cadman@liverpool.gov.uk)

## Arms-length

In 2008, Glasgow City Council became the first UK local authority to establish its markets as an arms-length limited liability partnership (LLP). This model offers the advantage of reduced bureaucracy and costs, an increased focus on the core business, and the opportunity for directly raising investment capital.

### **Glasgow City Council**

Faced with a need for significant capital investment into its markets portfolio, Glasgow City Council decided to establish a limited liability partnership. This was a model that the council had already used for other council services and offered the advantage that an over-arching management framework was already in place. The board of directors of City Markets (Glasgow) LLP currently consists of four elected members (councillors) and two officers. The council retains ownership of the assets (the wholesale market) but has transferred them to the partnership under long-lease arrangements. A management agreement for the delivery of retail markets has also been set up.

Since the arrangements were put in place there has been:

- Capital investment of £6.5m by the council in essential repairs to the wholesale market.
- Additional external capital is being sought through the EU Joint European Support for Sustainable Investment in City Areas initiative.
- Expansion of the retail market offer in the city.

Further information can be obtained from Graham Wallace, the Managing Director of City Markets (Glasgow) at [graham.wallace@citymarketsglasgow.co.uk](mailto:graham.wallace@citymarketsglasgow.co.uk)

## Social/community enterprise

A social enterprise is defined as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'. In practice there are various (and quite different) business models that operate successfully under the social enterprise banner. However, all share a commitment to trading ethically and generating wider social or environmental benefit through their trading activity. This should not necessarily be interpreted as meaning they are small players in a niche market: the Co-operative Society, John Lewis and the mutual building societies are all social enterprises.

However, the social enterprise model is especially suitable where a business is rooted within a specific locality or community, so could be of particular use for smaller markets that do not generate large profits but do want to add value through maximising the local economic, social, and environmental benefits that markets can



generate – see the sister document to this one (available at <http://www.communities.gov.uk/regeneration/publications/all/>).

Within the context of operating markets, there are three models that warrant particular attention (although in practice the boundaries between them are often fluid):

- **Co-operative:** the market business is owned and managed by the market traders – primarily for their collective benefit but usually adding value through product range, contribution to the local economy, willingness to work in partnership with other local agencies.
- **Community enterprise:** the market business is owned by, managed by and accountable to the local community – primarily as a vehicle for benefiting the local community. Being a viable, profitable business is important but no more so than what the market means, to and offers, local people. With this local commitment, adding value through economic, social, and environmental outcomes is seen as 'core business' alongside the actual trading.
- **Social Enterprise:** the market business is run 'as a business' with a specific ethical focus which is likely to produce local benefit but is not the primary purpose of the business. For example profits could potentially be invested outside the area of operation – even overseas in developing countries.

### Heywood Magic Market

In 2001 Heywood Market had lost £70,000 in its last trading year and was under threat of closure.

Rochdale Council took a decision to relinquish management of the market and put the operation out to tender. With support from town councillors, friends of the market, the local MP, and council officers the traders themselves set up a community trust, called MAGIC (Market Action Group In the Community).

A business plan was developed and submitted in competition with other market operators.

Although offering a lower financial return to the council than other bids, the community trust bid was successful because it provided the greatest benefits to Heywood and its people.

The trust took over management of the market in December 2002. At that time the market was only two-thirds full. Managed by a board of volunteers, by March 2003, the market was virtually full and a community/training facility had been established and furnished. A market manager was appointed in April 2003.

The market is currently over 90 per cent occupied, offering a mixed range of products to its customers. The trust also offers a weekly home to the local Citizens Advice Bureau, and supports local groups and charities with donations. The market has expanded with the provision of some outdoor stalls. One of these was occupied, at a reduced rent, by the JobCentre, and this has assisted



57 people back into work. The training facility has been very successful, and used on a regular basis for computer classes. Local primary care trusts, Manchester University and the trust itself have used the facility.

Further information is available at: [www.heywoodmagicmarket.co.uk](http://www.heywoodmagicmarket.co.uk)

Other social enterprise examples in relation to markets include:

- Southern Market Traders Co-operative Ltd – [www.smtcmarkets.co.uk](http://www.smtcmarkets.co.uk)
- Action Acton – <http://www.actionacton.com>
- RCMA Social Enterprise Ltd – a multi-award winning 'mixed' model: [www.Riversidemarket.org.uk](http://www.Riversidemarket.org.uk)

## Voluntary sector

Some markets, usually community-focused, infrequent and relatively small-scale, are managed by volunteers. This has the advantage of creating a sense of community-ownership of the market as well as reducing operational costs.

### **Sharrow Vale Community Market, Sheffield**

This quarterly street market was set up by the Sharrow Vale Community Association in November 2009. The market traders pay a pitch fee and provide their own stalls. The operational management is provided by volunteers and the trading surplus is donated to local charities. The market provides trading stalls, entertainment and space for community groups and has been particularly successful in engaging the local community. Many of the street's retail shop units take market stalls on market days.

Further information: [www.sharrowvalecommunityassociation.co.uk/events/](http://www.sharrowvalecommunityassociation.co.uk/events/)

## Shared management

The CLG Select Committee Report on retail markets<sup>1</sup> recognised the potential benefit of small markets/town and parish councils sharing the costs of employing a more senior and experienced market manager to run a portfolio of markets.

Although this model of different public sector organisations co-funding posts is not new (it is often used in public health arena, with staff costs shared between local authorities and the NHS), it has not been developed in markets. It also offers the opportunity for larger market authorities to come together to create economies of scale in the procurement of specialist goods and services e.g. stalls, security, and waste management.

<sup>1</sup> *Market Failure?: Can the traditional market survive?*, July 2009

There are provisions within the Local Government Act 1972 providing for the joint discharge of functions. Section 101 allows a local authority to arrange for the discharge of its market service by another local authority. An example of this arrangement is Bradford Metropolitan District Council currently operating markets for Selby Town Council.

Part VII of the Act also provides an opportunity for a local authority to place staff at the disposal of another local authority and, given the concern expressed in the CLG Select Committee report about the quality of management, consideration should be given to the possibility of experienced market managers being given wider responsibilities for markets within their region. Adopting a more strategic approach to markets can bring benefits in delivering better quality and also a more focused approach.

Section 102 of the Local Government Act 1972 also provides for the creation of joint committees to administer particular services and market authorities should consider the benefits of a joint committee arrangement to manage markets. An example of this approach is currently under consideration by the district council and town council in Stratford-upon-Avon. Both have responsibilities for market activities within the town and they are considering how they can operate markets more successfully by working under an informal joint arrangement.

### **Staffordshire Moorlands and High Peak Councils**

A strategic alliance between High Peak Borough Council and Staffordshire Moorlands District Council was formed in December 2007 to establish joint working arrangements and a shared approach to the delivery of key services that would improve services and deliver greater value for money.

Their aims were to:

- Increase customer satisfaction.
- Save money, improve services and limit council tax increases.
- Strengthen and share skills.
- Preserve the distinctive qualities of the two areas.
- Increase collective influence to secure a better deal for our communities.

The roll-out of this shared service approach includes retail markets and single management arrangements now exist for indoor and outdoor markets across both councils as well as tourism services.

Whilst it will be important to maintain the integrity and identity of the individual markets, the joint management arrangements will provide opportunities to:

- Share best practice.
- Share and attract new market traders.
- Reduce operating costs.

- Maintain and improve standards.
- Joint marketing and promotion and more integration with tourism promotional activities.
- Shared training and support programmes for traders.
- Share back office systems and support for market management.

Further information:

Philip Haddock, Special Projects Officer, Staffordshire Moorlands District Council.  
[phaddock@staffsmoorlands.gov.uk](mailto:phaddock@staffsmoorlands.gov.uk)

# Market rights

Whatever alternative management model is considered – if any – a market operator will need to consider the implications of any market rights issues.

Markets rights enable a market operator, among a range of other rights, to potentially control the setting up of other markets within a defined area of six and two-third miles. Many market operators, in both the public and private sectors, take these responsibilities seriously and have adopted policies to control the setting up of markets, particularly car boot sales. It is important that, as part of the consideration of an alternative model, a market operator considers the extent to which an existing markets rights policy can be accommodated.

Further information on market rights can be obtained from [Info@nabma.co.uk](mailto:Info@nabma.co.uk)

# Conclusion

There is a wide range of management options available for retail markets, some well established, others new. They provide the opportunity to transform poorly performing markets and improve the range and choice available to communities. It is for the markets industry to grasp that opportunity.

# Appendix

## Management models: pros and cons

The following table summarises some of the pros and cons of different types of market management model:

Management model	For	Against
Local authority	<ul style="list-style-type: none"> <li>• accountability</li> <li>• linking markets to wider policy/ strategic goals (public good)</li> <li>• generates revenue stream for the local authority</li> </ul>	<ul style="list-style-type: none"> <li>• can be bureaucratic</li> <li>• lack of capital to invest/competing priorities for bids</li> <li>• management may not have retail skills</li> <li>• time taken to respond to change drivers</li> <li>• profile of markets within local authority – no statutory requirement to provide the service</li> </ul>
Private	<ul style="list-style-type: none"> <li>• reduced bureaucracy</li> <li>• cost efficient</li> <li>• focus on core business</li> <li>• access to capital investment</li> </ul>	<ul style="list-style-type: none"> <li>• potential lack of accountability</li> <li>• lack of interest/expertise in wider social/policy issues</li> <li>• lack of security/protection for market traders</li> </ul>
Trader	<ul style="list-style-type: none"> <li>• reduced bureaucracy</li> <li>• cost efficient</li> <li>• focus on core business</li> <li>• increased sense of 'ownership' by traders</li> </ul>	<ul style="list-style-type: none"> <li>• may lack capital for investment</li> <li>• potential lack of accountability</li> <li>• traders may lack time/wider management skills necessary to effectively run the market and their own businesses</li> <li>• lack of interest/expertise in wider social/policy issues</li> <li>• potential conflict of interest</li> </ul>
Partnership	<ul style="list-style-type: none"> <li>• access to capital investment</li> <li>• economies of scale</li> <li>• improved strategic planning (links to local enterprise partnerships)</li> <li>• potential for improved management capacity and capability</li> </ul>	<ul style="list-style-type: none"> <li>• can be time consuming and expensive to establish</li> <li>• merging public and private sector styles can be challenging</li> </ul>
Arms-length	<ul style="list-style-type: none"> <li>• reduced bureaucracy</li> <li>• cost efficient</li> <li>• focus on core business</li> <li>• access to capital investment</li> </ul>	<ul style="list-style-type: none"> <li>• can be time consuming and expensive to establish</li> </ul>

*continued*

Management model	For	Against
Social/community enterprise	<ul style="list-style-type: none"> <li>• builds closer links to community</li> <li>• wider community benefits</li> <li>• reduced bureaucracy</li> <li>• cost efficient</li> <li>• focus on core business</li> <li>• potential access to alternative capital investment</li> </ul>	<ul style="list-style-type: none"> <li>• may lack experience and expertise in managing large market portfolios</li> <li>• difficulties in attracting commercial capital</li> </ul>
Voluntary sector	<ul style="list-style-type: none"> <li>• cost efficient</li> <li>• builds closer links to community</li> </ul>	<ul style="list-style-type: none"> <li>• relies on volunteers – frequency of operation may be limited</li> <li>• lack of expertise/experience of volunteers</li> <li>• increased operational risk</li> <li>• lack of capital investment</li> </ul>
Shared management	<ul style="list-style-type: none"> <li>• ability to share best practice</li> <li>• ability to share and attract new market traders</li> <li>• reduced operating costs</li> <li>• ability to improve standards</li> <li>• joint marketing and promotion and more integration with tourism promotional activities</li> <li>• shared training and support programmes for traders</li> <li>• shared back office systems and support for market management</li> </ul>	<ul style="list-style-type: none"> <li>• potential loss of identity of individual markets</li> <li>• potential for one partner to be seen to be 'bailing out' the other</li> <li>• can be bureaucratic</li> <li>• lack of capital to invest/competing priorities for bids</li> <li>• management may not have retail skills</li> <li>• time taken to respond to change drivers</li> <li>• profile of markets within local authority – no statutory requirement to provide the service</li> </ul>

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