

Report

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Date: 29TH JANUARY 2019

To the Chair and Members of the CABINET

REVIEW THE PROPOSED MODEL FOR THE DELIVERY OF THE MANAGEMENOF DONCASTER MARKETS

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Joe Blackham	All	Yes

EXECUTIVE SUMMARY

- 1. On the 19th June 2018, Cabinet gave approval to commence a procurement process for the operation of the markets via a contract with a long-term lease element for the market estate, this report confirms the outcome of the procurement process and seeks approval to complete the procurement process and award the contract.
- 2. The Council is committed to securing the growth and development of the markets to ensure Doncaster and Mexborough markets are the best in the North of England. To deliver this the Council commenced a procurement process to secure the most economically advantageous offer to manage Doncaster and Mexborough Markets for a period up to 25 years.
- 3. The Council's vision is to transform the markets to become a vibrant destination for shopping, eating out, entertainment and entrepreneurism. To do this, we need to secure market management and retail leadership that achieves our vision and rejuvenates the market and reaffirms it as the heart of Doncaster and Mexborough town centres. There has been significant investment from the council in the Doncaster Market, Corn Exchange and Wool Market buildings and for this to go on and flourish requires commercial management and expertise. Appointing a commercial provider will bring much needed innovation

- to both estates, improving the customer experience and complimenting the work being done in the wider town centre contributing to Doncaster's unique offer and attracting visitors from far and wide.
- 4. The preferred provider will make significant investment of £2.3m in the first 5 years, with £6.2m being invested over the 25 years of the contract. These are outlined in Appendix 3 of this report.
- 5. There will also be a guaranteed annual amount paid by the preferred provider to the Council in each year over the life of the contract of £122k.

EXEMPT REPORT

6. This report is not exempt however; there are financial and commercially sensitive matters contained within Appendix 3 to this report. Therefore Appendix 3 is NOT FOR PUBLICATION because they contain exempt information under Paragraph 3 of Part 1 of Schedule 12 (a) of the Local Government Act 1972 (as amended), information relation to the financial or business affairs of any particular person (including the authority holding that information).

RECOMMENDATIONS

- 7. That Cabinet agree the proposed model for the delivery of the management of Doncaster Markets.
- 8. Support the recommendation to award the contract and lease for the management of Doncaster Markets following the conclusion of the procurement process.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

- 9. Securing the management and operation of the markets with an external provider, the markets estate will become a more commercially viable entity through the improvement of its offer, mix and quality of products and services. This will ensure that the markets remain the focal points of the towns and to improve the trend of challenges on the High Street.
- 10. This proposal would see the preferred provider using its position to develop opportunities which would create jobs, growth and revenue through the generation of new small businesses and rents.

BACKGROUND

- 11. At its meeting on the 19th June 2018, Cabinet received a paper on the markets options appraisal. At the meeting Cabinet agreed:
 - The Council consider the results of the options appraisal and recommended option, ahead of the procurement process for the operation of the markets via a contract with a long-term lease element for the market estate;

- Note that the Director of Regeneration & Environment and Director of Corporate Resources will complete the contractual documentation via a procurement process, in consultation with the Portfolio Holder for Highways, Street Scene and Trading Services;
- A further report will be submitted to Cabinet prior to any decision to award, following the completion of a procurement process in order to agree what the final proposed model should be pursued for the markets.
- 12. Through an in-depth and rigorous procurement process, over the last 6 months, the Council asked for providers to detail how they would operate the markets in Doncaster and Mexborough. Questions included issues around Vision, Operational, Strategy, Innovation, Future Plans, Sustainability, Attraction of New Customers and Financial and Legal information.
- 13. This report sets out the future management and operation of the Markets having completed a procurement process to a provider who will be able to bring their vision to fruition.
- 14. Through the procurement process and tenders received the Council believes it has secured a provider who excels in market management and retail leadership to place the market as one of the top attractions in the area. The aim is to keep the Markets as a key focal point of the Town Centres; to innovate the Doncaster and Mexborough Markets and improve the customer experience. To procure a commercial operation to increase the footfall in the Markets estate and strengthen the position of what it offers.
- 15. The Town Centre Masterplan includes specific objectives relating to the market including 'creating a nationally recognised market, raising the aspirations and functions of the markets as enterprise generators and location for start-up and business opportunities.'
- 16. The Council is looking to gain a provider who will produce a highly competitive retail environment and embrace changing customer shopping trends, whilst also scoping for future adaptation in response to the constantly changing retail climate by making new enterprise space and improving the public realm across the area.
- 17. The preferred provider's vision is that they will:
 - Run the markets well whilst actively seeking new investment (measured by high occupancy levels of lettable space)
 - Increase and diversify the offer leading to increased visitor numbers (measured by overall footfall)
 - Allow the market to be a place where entrepreneurs can innovate, experiment and get their ideas off the ground (measured by new/pop-up traders)
 - Maintain, and aim, to increase the number of local farmers/food producers using the market on a regular basis.
 - Improve the perception of visitors to the market with people feeling a vibrant

- buzz when they are in the area
- A greater number of events and animations (measured by number of successful events)
- Cater for the shopper of the future and close liaison with NMTF (National Market Traders Federation) and NABMA (National Association of British Market Associations)
- 18. The preferred provider for the market will create and enhance wider social value and environmental benefits such as;
 - Social inclusion the ease of becoming a trader can support a wide range of people to earn a living and can be attractive to new business ventures to the area
 - Encourage entrepreneurism and promote a retail paradise environment
 - Face to face contact and its wellbeing benefits
 - Support deprived urban communities providing value, quality produce to those living close to or in the Town Centre that do not have access to their own transport
 - Environmental sustainability the way a market can promote and sell locally produced food and the benefits that brings to the wider environment and promoting links between rural and urban communities
 - The Mexborough market is a hub of social activity and central to the town's retail offer.
- 19. The preferred provider has demonstrated that it understands Market operations both nationally and locally and has provided visions and detailed plans for investment and modernisation to the satisfaction of the Council. They have presented a compelling vision for both protecting what the Council currently have and improving on its operation. The preferred provider is aware that the market needs to provide a destination to attract a wider, younger and diverse section of the demographic, whilst not disenfranchising the current shopper cohort. Consultations with existing shoppers and businesses that serve them will take place for the provider to better understand how improvements can be made to the current services and provide new services/environments to ensure all shoppers continue to enjoy the markets.
- 20. The preferred provider will focus on welcoming visitors and offering a unique experience to the customer, recreating the bustle of the cattle/farmers market and introduce innovative elements to future proof the markets such as; diversifying the market offer in terms of retail and visitor attractions such as exhibitions, highlight the use of small businesses and add in new business offers such as 'Shop, Drop and Collect'.
- 21. A new retail study will be implemented by the preferred provider to reflect additional footfall, zoning and investment. The preferred provider will liaise closely with current traders within the study to shape the initial five year investment. The preferred provider gave detail regarding sustainability including delivering an efficient, equitable and sustainable market service by using expertise to support tenant mix and introduce new traders. This review will take place over the first 12 months of the contract.

- 22. The preferred provider will align their Marketing Strategy with the events and animation plan of the Council, referencing the Year of Culture in 2020 and will work with partner actions to exploit the international visitors that the programme will deliver. Partner collaborations will Include Visit Doncaster, CAST, Lakeside, Town Centre Businesses and Doncaster Racecourse. The preferred provider will work with the events and animations team to develop an annual and coordinated programme of events, collaborating on projects such as Delicious Doncaster Food Festival and Christmas event. The preferred provider intends to use the Market Square as an event focal point for civic celebrations but will see this venue as one major location alongside Sir Nigel Gresley Square and other locations. The approach in Mexborough would be similar but on a smaller scale and relevant to the local population.
- 23. The council's preferred provider is Market Asset Management (Doncaster) Ltd.
- 24. If the report is agreed, the council will commence an intense period of mobilisation which will ensure the preferred provider is ready to deliver the contract by the end March 2019. This has been assisted by the Council issuing the lease and contract as part of procurement process.

OPTIONS CONSIDERED

- 25. To enter a contract with associated lease with the preferred provider, over the course of a 25 year term, who will take on both management and operation of Doncaster and Mexborough Markets. This is the recommended option.
- 26. To remain in-house (do nothing option) in which the markets remain managed by the Council and operated in their current state.

REASONS FOR RECOMMENDED OPTION

- 27. The preferred provider has presented a compelling vision for both protecting the assets the Council currently have whilst also allowing for improvements in its operation.
- 28. Income from the Markets has declined significantly over the past five years and is currently running at a loss, whilst under Council control.
- 29. The preferred provider understands the Markets operation both locally and nationally and has used their expertise in a number of other locations in the country.
- 30. The preferred provider has provided visions and detailed plans for investment and modernisation, at both Doncaster and Mexborough to ensure the longevity of the market, by including a number of innovative features such as home delivery and plans for increasing dwell time thereby moving with the times whilst also catering for existing shopping practices.
- 31. The preferred provider has outlined an initial investment plan for the life of the

contract and will provide a more detailed investment plan during the first 12 months of the contract following consultation with traders.

32. The preferred provider will increase the operating hours for the market, especially within the Wool Market, to increase the reach of its offering to wider demographics of the Town for longer periods of time.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

33.

Outcomes	Implications
Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future; Better access to good fulfilling work Doncaster businesses are supported to flourish Inward Investment	Ability to boost self-employment opportunities from pop-up enterprises. Local producers will be a focus to ensure the local economy is given an opportunity to showcase their wares.
Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time; The town centres are the beating heart of Doncaster More people can live in a good quality, affordable home Healthy and Vibrant Communities through Physical Activity and Sport Everyone takes responsibility for keeping Doncaster Clean Building on our cultural, artistic and sporting heritage	The vibrant street food and entertainment, combined with a heritage and new outlook will ensure opportunities to shop, eat, socialise and feast the eyes on an eclectic mix of culture and real life living with all the sights, smells and tastes of a vibrant and thriving economic offer. The social value of a market offer will be there for people to enjoy and interact as the market place has been a meeting and procurement hub for many hundreds of years.
Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling; Every child has life-changing learning experiences within and beyond school Many more great teachers work in Doncaster Schools that are good or better Learning in Doncaster prepares young	Children and young people will visit the safe and thriving retail environment with parents and primary carers. The traditional heritage of the market towns of Doncaster and Mexborough will be preserved for the young people of the future to enjoy.

people for the world of work		
Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents; Children have the best start in life Vulnerable families and individuals have support from someone they trust Older people can live well and independently in their own homes	Markets are a traditional place of value for older and vulnerable people, where they can shop with confidence and engage with friendly and knowledgeable traders.	
Connected Council: A modern, efficient and flexible workforce Modern, accessible customer interactions Operating within our resources and delivering value for money A co-ordinated, whole person, whole life focus on the needs and aspirations of residents Building community resilience and self-reliance by connecting community assets and strengths Working with our partners and residents to provide effective leadership and governance	Wi-fi, cashless and EPOS (Electronic Point of Sale) facilities will be available for the modern shopper.	

RISKS AND ASSUMPTIONS

- 34. One of the risks is that if the markets estate remains managed in-house, a further decline will occur. Doncaster and Mexborough has a history in which the markets have played a key role in, this would be a huge loss of opportunity to the towns and borough as a whole.
- 35. The contract and the lease will need to be put in place and managed very closely to ensure the key outcomes are delivered. The client role and support will be agreed and resourced from within existing teams of the Council.
- 36. Without significant investment further decline will occur, particularly as the Council faces ever increasing budget pressures the service would not be able to fully implement the visions that can be implemented with the right expertise and a sound investment.
- 37. The market needs to embrace change for it to survive. There has been a huge generational shift in shopping habits, and with the rise of the internet the next generation with spending power, are starting to carve their own shopping

habits. They have been shown to be open to new experiences, are savvy shoppers, value relationships and recommendations, are very environmentally aware and are starting to move away from the mass market supermarkets and look towards more independent niche retail offers.

38. As the Council will receive the guaranteed annual payment regardless of performance, there is no risk of financial loss to this proposal.

LEGAL IMPLICATIONS [AB and ND 09/01/2019]

- 39. The Council is the holder of the Doncaster Borough Charter of 1505 granted by King Henry VII. This gives the Council the exclusive right to hold markets in Doncaster. The Council can grant a right for other parties including the preferred provider to manage markets in the area.
- 40. Section 1 of the Localism Act 2011 provided councils with the so called "general power of competence", which allows the council to do anything which individuals generally may do.
- 41. The contract and associated lease has been procured in accordance with the Public Contracts Regulations 2015 using the competitive procedure with negotiation. This procedure allows the Council to carry out negotiation on the initial and subsequent tenders received from bidders throughout the tender process.
- 42. Under s.123 of the Local Government Act 1972 the Council has statutory power to dispose (including the grant of a lease) of non-housing/non-HRA land without the Secretary of State's consent for the best consideration reasonably obtainable. As the rent negotiated for Doncaster Market Place and Mexborough Market forms part of an overall financial package it is considered that the obligation to obtain the best consideration reasonably available has been met.
- 43. On the award to the preferred provider the Markets Estate will be operated by a third party. The arrangements are likely to include the transfer of staff as a relevant transfer within the meaning of the Transfer of Undertakings Protection of Employment Regulations 2006 (as Amended) (TUPE). The relevance of this is that the legislation imposes obligations on both the old and new employer which includes consulting with staff. Employees are entitled to transfer on their current terms and conditions. There are also additional provisions in relation to Pensions which need specific consideration not least in relation to the potential additional cost. Liability in respect of the employment of the transferring staff transfers to the new employer and advice should be taken when considering any indemnities in respect of these liabilities.

FINANCIAL IMPLICATIONS [CA 09/01/2019]

44. Income from the Markets rents has reduced from £1,600k (£1.6m) in 2013/14 to £1,160k (£1.16m) in 2017/18 and is projected to be less than £1,000k (£1m) in 2018/19. Markets made a net income loss of £170k in 2017/18 (£1,160k income to support £1,330k of expenditure) and are projected to make a net loss

- of £380k in 2018/19 (£985k income to support £1,365k expenditure). The projected loss in 2018/19 includes some one-off costs for procurement and external management.
- 45. The preferred provider will pay a guaranteed annual amount of £122k to the Council (inflated by CPI each year), regardless of footfall and income levels. The provider will also cover the cost of insurance and pay the market rate for the Council's lease at Mexborough market.
- 46. The table below shows the income the Council will receive from the preferred provider each year:

Income from preferred provider:	£'000
Guaranteed Annual Amount	-122
Contribution to Mexborough Lease	-55
Total Annual Income from preferred provider	-177

- 47. All operational costs of Doncaster and Mexborough markets will be paid for by the provider, including day to day repairs and maintenance. The Council will continue to insure the Markets but this will require a standalone commercial policy, the cost of which will be paid for by the provider.
- 48. The preferred provider will invest £6.2m in developing the Markets estate, with £2.3m being invested in the first 5 years. The summary of investment can be found in Appendix 3, Provider Investment.
- 49. If the operation was to remain in-house, Markets are estimated to make a loss of £183k in 2019/20. This includes an estimate for costs of management, events planning and out of hours staffing and income from the Wool Market. In reality, the loss is likely to be greater as there would be a requirement for retail expertise and income is likely to decline further in the short-medium term.
- 50. If the proposed model of delivery is agreed it will save the Council £219k per year. The Council will receive £177k per year but will continue to incur costs of £141k, relating to its lease of Mexborough market, leaving a net income of £36k. The difference between the projected £183k loss and a projected £36k net income with the preferred provider is £219k per year.
- 51. The draft budget proposals for 2019/20 include the impact of accepting the proposal from the preferred provider. The requirement in the budget would need to be increased by £219k if the operation remained in-house.
- 52. The corporate recharges will need to be reviewed and reallocated or reduced. The same applies for other services that are currently provided in-house and the extent to which the provider chooses to use Council services, e.g. Public Building Maintenance and Waste and Recycling.

HUMAN RESOURCES IMPLICATIONS [Officer Initials AC 06/01/2019]

53. Option: Remain In-House

In the event the decision is for the Council to retain the management of Doncaster markets there will be no HR implications, other than to ensure the affected employees are informed of the decision.

54. Option: External Provider

If the contract is awarded to a provider, it is envisaged the Council's current Markets staff will transfer to the provider and the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended in 2014) (TUPE) will apply. TUPE legislation protects the rights of employees in a transfer situation enabling them to be protected on the same contractual terms and conditions and to preserve their continuity of service.

- 55. When employees transfer, the transferee (new service provider) will take over the rights and obligations arising from those contracts of employment, except criminal liabilities.
- 56. The Council and the preferred provider must inform the affected employees and their representatives about the details of the transfer in writing. While there is no set time period of consultation under TUPE legislation, the transferor (the Council) has a responsibility to conduct a full and meaningful consultation with representatives of affected employees at the earliest practicable time. Likewise, there is no set timescale for consultation on redundancies for less than 20 employees, and in the event there are redundancies this can begin before the transfer. The new provider would be responsible for carrying any redundancy process and making redundancy payments. The provider has indicated that all staff will transfer and there is no current proposal to make any staff redundant.
- 57. The Council is obliged to give the preferred provider written information about the employees who are to transfer and the new service provider will inform the Council of any envisaged "measures" it intends to take following the transfer. Measures are changes that may affect the workforce and may be non-contractual or organisational, for example different working patterns, work locations or pay dates. This does not commence until formal award has taken place.
- 58. The preferred provider will enter into an admission agreement with South Yorkshire Pensions Authority to become an 'admitted body' which allows transferring staff continued eligibility to pay into the Local Government Pension Scheme and to continue to accumulate benefits under their current pension arrangements.
- 59. Any employees who do not wish to transfer to the preferred provider may register their objection prior to the transfer and unless there is a valid constructive dismissal claim will be treated as having resigned and their employment will cease at the point of transfer. They are not entitled to a redundancy payment and are not entitled to claim unfair dismissal.

TECHNOLOGY IMPLICATIONS [Officer Initials PW 11/01/2019]

60. There will be an assessment around who will provide any new technology, what will happen to any current technology, and how this will join up with Council Technology.

HEALTH IMPLICATIONS [Officer Initials KH 16/01/2019]

61. Doncaster markets can play an important role in improving and maintaining health and wellbeing. The markets provide a place for meeting and social connection as well providing easy access to healthy and affordable food. The design of the public realm such as the markets can enhance the wider aspects of health and wellbeing by maximising opportunities for social engagement and active travel. It is recommended that any future development of the market estate consider design principles including pavements, seating, shade and shelter and provide a safe environment. In addition the markets can help shape the local food environment and there may be opportunities to develop with Good Food Doncaster approaches that may impact on attitudes towards healthy eating and healthier food purchasing behaviour. Decision makers will need to consider how both future proposals and day to day management address both sustainability and minimise environmental impact.

EQUALITY IMPLICATIONS [AW 10/01/2019]

62. There will be communication and consultation with users of the market as decisions are taken to enhance services or change parts of the markets estate and how that will impact upon customers of the market. Careful consideration will be made to gather and capture the implications of protected groups before and during implementation. A due regard statement (Appendix 2) is included.

CONSULTATION

63. There has been engagement with the National Market Traders Federation and Market Traders through face-to-face meetings and newsletter updates. Elected members have been updated through newsletters and scrutiny briefings. Individual meetings have taken place with Ward Members. All members will be invited to the Cabinet meeting. A communication and engagement plan for both the citizens and traders has been prepared.

APPENDICES and BACKGROUND PAPERS

64. Appendix 1: Artists Impressions

Appendix 2: Due Regard Statement Appendix 3: Exempt Information Cabinet Report: June 2018

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Appendix 1

Alfresco Dining Outside Wool Market



Artist Impression of Fruiters Corner



Artist Impression of Market Entrance

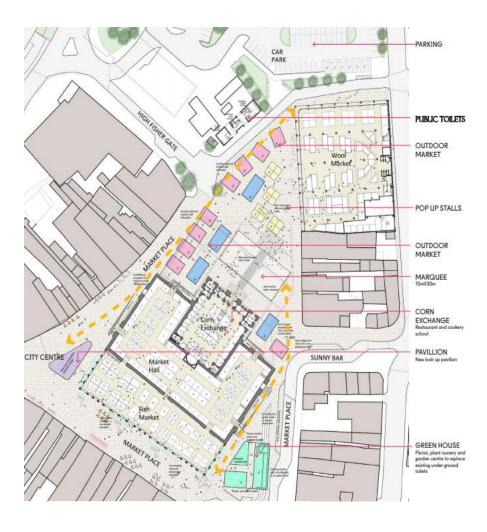


What the Markets layout could look like

Doncaster; Market Square

Parking **New Building** Wool Market New Outdoor Market Sunny Bar New Kiosks

Proposed Plan for Doncaster Market



Appendix 2

EQUALITY, DIVERSITY AND INCLUSION

DONCASTER METROPLITAN BOROUGH COUNCIL

Due Regard Statement

How to show due regard to the equality duty in how we develop our work and in our decision making.

Due Regard Statement

A **Due Regard Statement** (DRS) is the tool for capturing the evidence to demonstrate that due regard has been shown when the council plans and delivers its functions. A Due Regard Statement must be completed for all programmes, projects and changes to service delivery.

- A DRS should be initiated at the beginning of the programme, project or change to inform project planning
- The DRS runs adjacent to the programme, project or change and is reviewed and completed at the relevant points
- Any reports produced needs to reference "Due Regard" in the main body of the report and the DRS should be attached as an appendix
- The DRS cannot be fully completed until the programme, project or change is delivered.

1	Name of the 'policy' and briefly describe the activity being considered including aims and expected outcomes. This will help to determine how relevant the 'policy' is to equality.	Review of the Proposed Model for the Delivery of the Management of Doncaster Markets The aim is to secure the management and operation of the markets estate will become a more commercially viable entity through the improvement of its offer, mix and quality of products and services. The proposal would see the preferred provider using its position to develop opportunities which would create jobs, growth and revenue through the generation of new small businesses and rents. The proposal also gave detail around both increasing jobs for different demographics as	
		well as ensuring that the markets estate as a whole will be accessible to all.	
2	Service area responsible for completing this statement.	Trading Services and Strategy and Performance Unit	
3	Summary of the information considered across the protected groups.	The Cabinet report (June 2018) gave reference to a 2015 internal survey sent to DMBC staff which assessed a number of elements including how often they visited the market, the time spent there and 'what are the things you would like to improve in Doncaster markets?' Answers to the latter question included accessibility in terms of layout and opening times, more variety of goods on sale and a bus service.	
	Service users/residents	This perspective was built in to the prerequisite, and for the tenders to make reference to	
	Doncaster Workforce	how they would intend to pay special attention to social value. Understanding ways to improve social value of residents was a key factor for consideration during the moderation process.	
		Consultation processes with current employees in the market have been built in to the post-award timeline in line with the TUPE process. This includes letters to staff, traders and trade unions as part of the intention to award and more specific timeframes will occur during the mobilisation period.	

4	Summary of the consultation/engagement activities	The main key findings, described in the June 2018 Cabinet report, were in relation to the question 'what are the things you would do most to improve in Doncaster Market?'. The following responses were: • The layout of the market needs improving to be more inviting and easier to navigate • Improved choice and quality of stalls • More events to be held in the area • Better places to eat	
		When looking from an equality, diversity and inclusion point of view there could be a large number of residents who miss out on using the market because they do not see it as beneficial. The preferred provider gave detailed answers in their tender response that although they need to look after those who already use the market, work needs to be done to ensure that a wider demographic of Doncaster residents start to use and enjoy the market offer. Further consultation will be performed through as evidenced in paragraph 18 of the Cabinet report. This includes consultation with traders (e.g. regarding layout of stalls, their location) and the first 12 months will be spent working with traders, staff and customers to ensure proposals are beneficial for all parties. The provider are looking to improve physical access to buildings.	
5	Real Consideration: Summary of what the evidence shows and how has it been used	The tender response has built the foundation of the recommendations put forward within the Cabinet report recommendations. The internal consultation, as mentioned in section 3, helped to shaped the tender specification to include detail on attraction of new customers and social value; which included more specific responses around staff (training, development and employment opportunities and customers (customer experience); detailed in paragraph 18 of the Cabinet report. They also provided implications detail on the Doncaster Growing Together Outcomes (paragraph 33).	
6	Decision Making	Please refer to Equality Implications at paragraph 61 of the report.	

7	Monitoring and Review	Governance of the proposal is set out in the report where we would expect the provider to deliver on the proposals that have been put forward in the timescales agreed. The provider will be consulting with traders, staff and customers over the first 12 months of the contract to ensure the proposals put forward are beneficial for all parties.
8	Sign off and approval for publication	Please refer to the Equality implications contained within the report at paragraph 61.