

# Public Document Pack



## Doncaster Council

### EXECUTIVE FUNCTIONS DECISION RECORD

The following decision was taken on Tuesday, 29th January, 2019 by Cabinet.

Date notified to all Members: Wednesday, 30th January, 2019

The end of the call in period is 5.00 p.m. on Friday, 8th February, 2019 and therefore, the decisions can be implemented on Monday, 11th February, 2019.

Present:

Vice-Chair - Councillor Glyn Jones (Deputy Mayor, Portfolio Holder for Housing and Equalities) (In the Chair)

#### **Cabinet Member for:**

Councillor Nigel Ball	Portfolio Holder for Public Health, Leisure and Culture
Councillor Joe Blackham	Portfolio Holder for Highways, Street Scene and Trading Services
Councillor Rachael Blake	Portfolio Holder for Adult Social Care
Councillor Nuala Fennelly	Portfolio Holder for Children, Young People and Schools
Councillor Chris McGuinness	Portfolio Holder for Communities, Voluntary Sector and the Environment
Councillor Bill Mordue	Portfolio Holder for Business, Skills and Economic Development
Councillor Jane Nightingale	Portfolio Holder for Customer and Corporate Services.

Apologies:-

An apology for absence was received from Mayor Ros Jones.

### **PUBLIC MEETING – SCHEDULE OF DECISIONS**

#### Public Questions and Statements

The Chair, Deputy Mayor Councillor Glyn Jones agreed to take questions as part of Agenda Item 5.

## **DECISION 1.**

### **1. AGENDA ITEM NUMBER AND TITLE**

5. Review the Proposed Model for the Delivery of the Management of Doncaster Markets.

### **2. DECISION TAKEN**

Cabinet:-

- (1) agreed the proposed model for the delivery of the management of Doncaster Markets; and
- (2) supported the recommendation to award the contract and lease for the management of Doncaster Markets following the conclusion of the procurement process.

### **3. REASON FOR DECISION**

Councillor Joe Blackham, Cabinet Member for Highways, Street Scene and Trading Services, presented the report to Cabinet on the Proposed Model for the Delivery of the Management of Doncaster Markets. He stated that as part of the Urban Centre Masterplan, the Council was transforming Doncaster and Mexborough Markets, making them a vibrant destination for shopping, eating out, entertainment and business.

Councillor Blackham commented that there had already been significant investment from the Council in the Doncaster Market with the newly refurbished Wool Market and Corn Exchange set to open in Spring this year. He stated that appointing a commercial provider at this stage will bring in investment and innovation, with a focus on making the markets a vibrant destination, not just for shopping, but also eating out, entertainment and a place where new businesses can grow.

He advised that the new provider will make significant investment of £2.3m in the first five years with £6.2m in total over the period of the contract, plus providing the Council with a guaranteed annual income. The provider had supplied visions and detailed plans for investment and modernisation, all aimed at growing the business, improving the customer experience and increasing footfall. He highlighted that this will complement the work being done in the wider Town Centre, contributing to Doncaster's unique offer and attracting visitors from far and wide to come and shop and spend leisure time in Doncaster.

Councillor Blackham stated that, if approved, Doncaster Council will continue to own the market building and (MAM) Doncaster Ltd will be responsible for the staffing, management and maintenance. The Council will be actively managing the contract and working alongside the provider to ensure the markets are managed in the very best way.

Following the introduction of the report, the Chair, Deputy Mayor Councillor Glyn Jones offered the report out for comment and questions by Cabinet Members.

Councillor Rachael Blake requested further details in relation to the procurement process followed. Steve Mawson, Chief Financial Officer & Assistant Director of Finance, stated that following the approval of the procurement process in June 2018, Officers embarked upon a 2 phase tender exercise. An Invitation to Tender was sent out to interested companies and bids were evaluated. Officers met with bidders and were able to fine tune the final invitation to tender with a final deadline for submissions. The final submissions were evaluated and a preferred bidder identified.

Councillor Nigel Ball sought assurances that if the contract was agreed that governance and strong robust monitoring arrangements and an action plan were in place, if there were to be any arising issues. Steve Mawson gave assurance as to the performance management measures in the contract including termination provisions of for example termination in the event the provider was to stop paying the guaranteed annual payment.

Following Cabinet Members questions, the Chair then invited members of the public to ask questions which had been submitted within the required timescale.

The following question was received from Mr Davis:-

“How come a company with the same directors as the company advising the Council in regards to privatising the market, are now preferred bidders to manage the market?”

The South Yorkshire Growth Fund has put large amounts of money towards our Market to thrive for this company to take all the profit.

Please Councillors, I urge you to look at other alternatives instead of going with this company”.

The Deputy Mayor, Councillor Glyn Jones, provided the following response:-

“Our vision for the Doncaster Markets is to make them the best in the North of England. To do this, we need to make sure they grow and develop to attract today’s modern customers and take on the challenges faced by high streets and Town Centres.

This tender process has been about whether a provider can deliver this vision to reinstate the markets at the heart of Doncaster and Mexborough Town Centres. We believe we now have a bidder that can put our vision into practice and turn the markets into a profit making entity that will bring in income per year. The preferred provider will also invest in the markets and be paying the Council for this concession.

You are correct, when you say there has been significant investment from the Council in the Doncaster Market, Corn Exchange and Wool Market buildings and the Council will continue to own these buildings, thus retaining this investment. For this to go on and be successful requires the appointment of a commercial provider who can bring in further investment and development to improve the customer experience. This will involve bringing in new business enterprise, an increased

retail offer, quality products and services, better public areas and more entertainment.

Quarterbridge have had no involvement in the drafting of the tender documents. The tender process has been conducted by Council Officers in an open and equitable procurement process.

I also want to reassure you that the Council will continue to work with both traders and the new provider to ensure that this flourishes.

The proposal before the Cabinet today will be given due consideration, although I have to say, I am excited for what this can deliver for Doncaster.”

The following question was received from Mr Daniel Wilkinson:-

“Hello Councillors,

As can be seen in published documents, the markets are running at a financial loss. We are aware that the Council has other resources to help keep different departments financially stable.

How will the new operator maintain the building and further develop the market estate when it has been published that the projected turnover is down and the financial loss is even greater? What resources do they have?

The Deputy Mayor, Councillor Glyn Jones, provided the following response:-

“The markets are currently making a loss under the Council operation, but the operator has laid out in their proposal, that they will turn around the position and increase footfall, whilst at the same time give the Council a guaranteed return. As you can appreciate the Council is committed to working with traders, whilst at the same time recognising that we can't stay as we are and we need to improve on the current situation.

Because of the current difficult situation, we have had to address the current shortfall by adding £330,000 in the 2019/20 draft budget proposals, but this pressure would need to be increased by £219k if the operation remained in-house.”

The Chief Executive, Jo Miller wished to advise Members that she had met with Mr Wilkinson along with Nigel Berry and Mr Davis. She stated that it was a long and productive meeting where all questions were answered directly.

The following question was received by Councillor Nick Allen:-

'My question is about the long term financial implications of changing the way our markets are managed. I am concerned about the £122,000 a year which the preferred provider will pay DMBC 'regardless of footfall and income levels'. How will this commitment be financed? Such a commitment will have to be paid for and surely the ability of the provider to pay will depend on income levels?'

The Deputy Mayor, Councillor Glyn Jones, provided the following response:-

“The payment to the Council each year is guaranteed under the contract and will be paid regardless of footfall and income levels. Appointing a commercial provider will bring retail expertise, investment and innovation; all of which should improve the offer to attract more visitors and increase income.

In the same way as all running costs will be met by the provider, all the income from the market rents will go to the provider, therefore it is appropriate to transfer the risk of reduced footfall and income to the provider as they will also realise the benefits of increases in both.”

The following question was received from Councillor Steve Cox:-

“What will the £6.5 million investment be spent on? Will this be enough to deliver value for money and excellence for customers over the next twenty five years?”

The Deputy Mayor, Councillor Glyn Jones, provided the following response:-

“The contract being awarded is for the day to day operation of the market. The preferred provider will enhance the markets with £2.3m being invested in the first 5 and £6.2m over the life of the contract. The bidder has put forward some visuals to illustrate the potential developments that could take place, however they will be working with traders and the Council over the first 12 months to shape the initial investment”.

Members were advised that a copy of the responses to Mr Wilkinson, Mr Davis and Councillor Nick Allen’s questions would be forwarded to them following the meeting.

The Chair invited any further questions by Members on the public report presented.

Councillor Richard Allan Jones outlined some concern with regard to the financial figures within the report. It was suggested that his concerns would be addressed within the private session of the meeting.

Councillor RA Jones also mentioned the possibility of the decision being subject to Call-In and asked whether it was possible for Overview and Scrutiny to look at the report prior to any decision being made.

Scott Fawcus, Assistant Director Legal and Democratic Services, stated that Call-in was an option available. However, he stressed that this project had been well thought over, it was fully compliant with the EU procurement procedures and the Executive was fully able to take the decision today based on those reasons. He stated that there was a procedure for Call-in, which Members were fully aware of. However, Members would need to identify the reasons for Call-in and outline any matters that had not be covered by the previous discussion.

Cabinet RESOLVED to exclude the public and press from the meeting at this point of the proceedings to enable Cabinet and Councillors invited to consider in detail the contents of Appendix 3 to the report, which contained exempt information, as

defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person, including the Authority holding that information) of Part 1 of Schedule 12A of the 1972 Act, as amended.

Cabinet discussed the commercially sensitive information within Appendix 3 of the report and Officers responded to questions from Members, in particular with regard to the contractual agreement with MAM (Doncaster) Ltd.

Following consideration of the exempt appendix, the public and press were invited back into the meeting in order for Members to consider the recommendations of the report.

Prior to putting the recommendations to Cabinet, the Chair, Deputy Mayor Councillor Glyn Jones wished to state that the proposals set out would provide what the Council required to ensure the Markets within Doncaster and Mexborough be successful. He stated that it was important that all views were taken on board, including those of staff and traders. Continuing success was paramount and he believed that all questions had been answered satisfactorily.

In conclusion, Councillor Joe Blackham stated that this had been a long and interesting journey and dialogue had commenced several years ago. He stressed that there had been a lot of debate with regard to the project. However, he stated that the proposals set out were genuinely in the interests of the market traders. He pointed out that Officers had endeavoured to seek in-house providers, but the Council was unable to provide the expertise. He also made comment in relation to the changes that had already taken place with regard to the Wool Market and the initiatives carried out to increase the footfall within the Markets. He stated that the Council completed a reconfiguration of the Market several years ago, which unfortunately had not been successful. He advised that the Council needed to be more radical in its thinking and felt that the proposals set out within the report were the best offer and recommended it to Cabinet for approval.

#### **4. ALTERNATIVES CONSIDERED AND REJECTED**

To remain in-house (do nothing option) in which the markets remain managed by the Council and operated in their current state.

#### **5. DECLARATIONS OF INTEREST AND DISPENSATIONS**

There were no declarations.

#### **6. IF EXEMPT, REASON FOR EXEMPTION**

Appendix 3 to the report, is NOT FOR PUBLICATION as it contains exempt information, as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person, including the Authority holding that information) of Part 1 of Schedule 12A of the 1972 Act, as amended.

#### **7. DIRECTOR RESPONSIBLE FOR IMPLEMENTATION**

Steve Mawson, Chief Financial Officer & Assistant Director of Finance.

Signed.....Chair/Decision Maker

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