

To the Chair and Members of the Audit Committee

DONCASTER MARKETS REVIEW

EXECUTIVE SUMMARY

1. Doncaster markets have over 400 shops and stalls and employ an estimated 1,000 people (in both the public and private sectors), with traders travelling from across South Yorkshire to trade on the markets. In 2013/14 the Council's markets (including Doncaster, Rossington and Mexborough) reported a turnover of £1.82m and an overall surplus of £357,000. As such, Doncaster's markets provide a significant income stream to the Council and contribute to the success and prosperity of the Borough.
2. This report summarises the findings of an audit of financial and governance arrangements at Doncaster Markets and elements of Town Centre Management, undertaken by Doncaster Council's Internal Audit Service and the Procurement Service and Health and Safety Team.

RECOMMENDATIONS

3. The Audit Committee is asked to note the outcome of the Audit Review and progress made to address the weaknesses identified.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Doncaster Markets are at the heart of the Borough's economy. We need to maintain a safe environment for both traders and visitors to the markets. A positive response to the Audit Review means that an improved service will be provided to the citizens of Doncaster.

EXEMPT REPORT

5. **The Appendices to this report is not for publication because it contains information relating to financial and business affairs of both the Council and third parties which is classed as exempt information within Paragraph 3 (Information relating to the financial or business affairs of any particular person, including the Authority holding that information) of Schedule 12A of the Local Government Act 1972, as amended.**

BACKGROUND

6. This report provides the Audit Committee with information on the outcomes from internal audit and management investigations at Doncaster Markets, and allows the Committee to discharge its responsibility for monitoring the Council's exposure to risks. The markets are managed by the Markets and Town Centre Management Team, which transferred into the Trading Services and Assets Department in 2014.
7. The investigations were undertaken after concerns were raised by several market traders about working practices within the Markets and Town Centre Management

Team. These concerns were about general administration, the allocation of pitches, procurement and health and safety.

8. On receipt of the concerns, senior managers within the Trading Services and Assets Department commenced their own review of the issues and the way the Markets and Town Centre Management Service was managed. Senior managers also commissioned a financial administration review of the service by Internal Audit and a Health and Safety review of working practices by the Corporate Health and Safety Team to assist them in their assessments.
9. The Internal Audit Review into financial administration identified that:
 - There was no documented stall allocation policy and stall allocation processes were not transparent (although in practice they were found to be fair)
 - Rental collection methods were inappropriate and inefficient in that the service relied almost entirely on cash being collected for market rents by markets staff and recorded on spreadsheets
 - Rental income was not routinely reconciled to the income expected
 - There was an ineffective process for recording and collecting arrears
 - There were weaknesses in control over street café licences, and inadequate recording and accounting for associated income
 - The weaknesses found meant it was impossible to determine whether there were any monies missing and unaccounted for
 - Robust checks were not undertaken on new traders on the indoor market. This included checks to confirm the identity of the trader, their entitlement to work in the UK or whether they held the required specific licences for their individual trade. Outdoor traders were required to provide evidence of their ID, UK residence and public liability insurances but no evidence was required of their right to work in the UK. Any such evidence reviewed was not on the market traders' files
 - There was a failure to comply with the Council's procurement rules relating to spending on consumables and some other products and services.
10. Health and Safety concerns were also highlighted by market traders, senior management within the Trading Services and Assets Department and the Health and Safety Team. These included a need for up-to-date assessments, testing and some risk mitigation works. More details can be found in Appendix 1, **which is not for publication**. A comprehensive action plan was developed for all areas of Doncaster Markets based on revised health and safety risk assessments generated as part of the investigation.
11. A significant amount of work has now been completed by management to implement recommendations made by Internal Audit and Health and Safety, although there remain a number of actions to be completed. The Markets and Town Centre Management Team are working in partnership with Technical Services, Public Building Maintenance, Corporate Health and Safety, Internal Audit and external partners to address the outstanding actions as soon as possible.

Key actions so far have included:

- Health and Safety arrangements have been improved based upon a comprehensive action plan

- Planned preventative maintenance schedules are now in place.
- A Procurement Plan is currently being developed and existing contracts are under review.
- Stall rent arrears and rent collection has been transferred on to the Accounts Receivable system to reduce the risks associated with collecting cash.
- A business process re-engineering exercise, undertaken under the Digital Council Programme, is underway. As part of this, a new markets management system will be procured enabling better monitoring of traders information, performance reporting and regular market tasks.
- A restructure in Markets and Town Centre Management is underway. The proposed structure is anticipated to go out to consultation in July 2015.
- 5 Capital bids have been submitted in order to carryout improvements to the markets including:
 - Refurbishment of the public toilets and wash down areas at Doncaster Market.
 - Refurbishment of the trader toilets at Chappell Drive
 - Electrical upgrades and installation of a new fire alarm system at Mexborough Market.
 - Improvement works to the Wool Market.

12. The Council has invoked disciplinary proceedings against 3 staff and these are in progress.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

13. Not applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

Priority	Implications
<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Doncaster Markets are a significant employer for the borough employing an estimated 1000 people in the public and private sectors. Strengthening arrangements around such activities will contribute to successful and prosperous town centres.</p>
<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>

<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	None
<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
<p>We will deliver modern value for money services.</p>	<p>Whilst Doncaster Markets are producing a surplus and are therefore contributing to the funding of Council priorities, improvements in collection activities and debt management within the markets processes will improve value for money and deliver a better service for traders and customers.</p>
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council.</p>

RISKS & ASSUMPTIONS

14. Failure to address governance and operational weaknesses within Doncaster Markets and Town Centre Management exposes the Council to the following risks:-
- Potential reputational damage to the Council through either fraud, income loss or health and safety breaches
 - Potential damage to relationships with market traders
 - Failing to achieve value for money for Doncaster residents
 - Failure to maximise town centre potential and business opportunities.

LEGAL IMPLICATIONS

15. Failure to implement actions highlighted within the report potentially causes a detrimental impact upon the reputation and business affairs of the Council and third parties. The Council has additional duties under Health & Safety legislation which it must comply with.

FINANCIAL IMPLICATIONS

16. There are no direct financial implications arising from this report; however, by improving procedures in relation to procurement, income collection, etc. it would ultimately be expected to put the Council in a stronger financial position. There may be additional costs in implementing any measures arising but they should also give rise to opportunities for increasing income or making savings.

Approval for these measures needs to be considered in the context of the £249k savings targets for Markets and Town Centre Management in 2015/16 & 2016/17, of which £104k has not yet been allocated to a specific activity.

HUMAN RESOURCE IMPLICATIONS

17. Human Resources have supported the review and subsequent investigations that were undertaken in line with the Council's policies.

EQUALITY IMPLICATIONS

18. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising from this report.

CONSULTATION

19. Corporate Procurement were involved throughout the review of the Markets and Town Centre Management activities and contributed to those findings surrounding procurement activities.

This report has significant implications in terms of the following:

Procurement	X	Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

20. Doncaster MBC, Internal Audit Report – Markets Financial Administration Review (February 2015)

Progress Report Doncaster Town Centre Management and Doncaster Markets

REPORT AUTHOR & CONTRIBUTORS

Colin Earl, Head of Internal Audit,
Tel 01302 862939 E-mail - colin.earl@doncaster.gov.uk

Jo Miller
Chief Executive