



AGENDA ITEM:

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny
Date of meeting:	31st January 2011
PART:	1
If Part II, reason:	

Title of report:	Update on Hemel Hempstead street market
Contact:	Nick Tiley, Portfolio Holder for Finance and Resources Author Officer – Mike Evans
Purpose of report:	<ol style="list-style-type: none"> 1. To provide an update on the open market, Hemel Hempstead and to seek OSC comments on the forthcoming opportunity to identify a new street market operator. 2. To outline possible strategies for evolving the street market over the next 12 months.
Recommendations	<ol style="list-style-type: none"> 1. Note the current operating position of the open market. 2. Discuss the proposed delivery programme for the open market. 3. Note that a full set of options for future operation of the market will be considered by the Corporate Regeneration Group.
Corporate objectives:	<p>Regeneration:</p> <ul style="list-style-type: none"> - Drive value from Council-owned assets <p>Safe and Clean Environment:</p> <ul style="list-style-type: none"> - Maintain a clean and safe environment - Protect our green spaces <p>Building Community Capacity:</p> <ul style="list-style-type: none"> - Empower local community action and delivery <p>Dacorum Delivers:</p>

	<ul style="list-style-type: none"> - Efficiencies - VFM - Performance excellence Reputation and profile delivery
Implications:	<u>Financial</u>
'Value For Money Implications'	<p>The current legal agreement with our tenant should be market tested with the view of improving the quality of service and income.</p> <p><u>Value for Money</u></p> <p>The market testing of the opportunity will provide evidence of value for money.</p>
Risk Implications	Risk Assessment has been completed.
Equalities Implications	Equality Impact Assessment has not been completed.
Health And Safety Implications	The market involves the public. The Council, as landlord, is responsible for the appropriate level of operation though the services of our tenant.
Consultees:	<p>Kate Lang, Regeneration Officer</p> <p>Peter Hamilton, Team Leader (Estates and Valuation)</p>
Background papers:	Cabinet Paper, 29 th November 2011

1. Introduction

- 1.1. Hemel Street Market is currently operated under a legal agreement with Town and Country Markets Ltd. The current arrangements are satisfactory. However there is an opportunity over the next nine months to develop a more dynamic and fulfilling market, which will assist in the promotion of, and footfall within, Hemel Hempstead town centre.
- 1.2. The current market operation produces £55,000 pa to the Council. The income is based on the turnover of the operation.
- 1.3. In November 2010 Quarterbridge Project Management Limited was appointed to review and assess the performance and quality of Hemel Hempstead's existing market operation and to develop a vision strategy.
- 1.4. The agreement with the current operator will end in October 2012 and there is, therefore, an opportunity to seek proposals for the street market in accordance with the recommendations of the Quarterbridge Report.

1.5. In the meantime, work is underway to improve the layout and appearance of the market as identified in the Marlowes Shopping Zone Improvement Strategy which was agreed by Cabinet on 28 June 2011. Whilst the market positively contributes to the character of the pedestrianised area, the current haphazard arrangement of stalls does weaken the overall image of the market. In order to raise the standard of the market in line with shopper and retailer expectations, new market stalls will provide a coherent design and layout with a consistent colour scheme which will provide a definitive image for the market and reinforce the legitimacy and permanence of the market. The revised layout prepared by JMP Consultants will be subject to a variation of the existing planning permission.

2. Current Position

2.1. Hemel Hempstead market is run by Town and Country Markets in accordance with a management agreement dated 16th October 2000 and subsequently revised with a profit share arrangement on 16th October 2005. This agreement expires in October 2012.

2.2. The quality of the operation by Town and Country market has been called into question recently with areas of particular concern including litter, on site management allowing stall holders to encroach outside their areas and traders causing an obstruction or hazard to the public. Town and County have responded to the Council's demands for improvements to be made and current management of the market has improved.

2.3. The extent of the market operation includes:

- The Marlowes
- The Market Square

3. The Way forward

3.1. The Quarterbridge Report outlines the various ownership and operating systems available to the Council with respect to the ongoing future plans for Hemel Street market.

3.2. Not all options are necessarily suitable and the relevant advantages and disadvantages of each option are clearly explained in the Quarterbridge report. Based upon these findings, there appear to be two ways forward. In order to assist the discussion at OSC, the two principal directions are:

Option 1 - The market is operated in-house

Option 2 – A new market management agreement is entered in to with a private operator

Option 1

- 3.3. In house operation (at least for the first 2 years) would enable the Council to put the operation on a new footing and the resulting financial performance for the Council should increase from the current position. Once the market is established in the required manner and operating in accordance with the business plan, the Council may consider privatisation using a suitably drafted agreement.
- 3.4. A variation to a full in-house management regime may be to negotiate a fixed term management contract with the Town Centre Partnership, who may need some initial external specialist help. The profits generated by the markets (and street trading licenses) can be shared between the Council and the Town Centre Partnership, both of whom have a vested interest of ensuring the success of the market in the context of facilitating an improving town-centre. The agreement may include an option to re-invest the profits back into improvements in the town centre.

Option 2

- 3.5. This option could involve a new operator or a new arrangement with Town and Country Markets. In order to identify the operator and to conform to procurement regulations, the opportunity should be tendered and submissions analysed to identify the most suitable operator.
- 3.6. Given the current operator has managed the market for 12 years, it is considered sensible to tender the opportunity as opposed to simply renegotiating a further extension to the current arrangement. Note, if a change of operator does take place the Council may need to work with Town and Country to ensure any TUPE issues are correctly adhered to.
- 3.7. It is considered Option 2 is most suitable for the Council as it allows the Council to capture the best offer and new ideas for street markets. If Option 1 is preferred it is likely to have increased demands on limited internal resources, such as the need to employ a manager and deputy, together with the services of a rent collector.
- 3.8. Under Option 2 the Town Centre Partnership would still have the opportunity to compete as part of the open tender for the market management contract. If appropriate, the evaluation criteria for the tender could give preference to any operators who proposed the re-investment of their profits to the benefit of the town centre, which is the town Centre Partnership philosophy.

4. Suggested Delivery Programme

- 4.1. If the preferred direction is to tender the street market opportunity, a certain level of marketing information needs to collated, this will include:

- The extent of the market operation: that is The Marlowes, The Market Square and any other areas, (e.g. the opportunity to run specialist markets at the Old Town on selected dates).
- Infrastructure requirements.
- Market layout (subject to a variation of existing planning permission).
- Aspirational tenant mix.
- A working calendar of traditional market days and periodical specialist markets, as per the planning approval.

4.2. The marketing literature will be created through joint working with procurement, regeneration and estate teams.

4.3. In October 2007 a planning permission was granted for the relocation of the market from Market Square to the pedestrianised area, which included details of the number, siting and external appearance of the market stalls. A variation of this permission is required for the new layout of the stalls and should be secured by April 2012. Once this fundamental piece of the marketing pack is available the marketing can commence. It is anticipated that proposals for the operation of the market will be submitted by July 2012, leaving three months to complete the legal documentation.

4.4. The tendering exercise will seek:

- A clear vision for the future of the market.
- What changes in the infrastructure may be required for the market.
- Proposals for the future types of market use.
- Proposals for the management and promotion of the market.

4.5. Within the marketing literature, the Council will ensure that it has the ability to terminate the market operation on the Market Square if the Council requires this land for another purpose.

4.6. In addition, interested parties will be asked to submit a rental offer to the Council. Given the uncertainties of trading in today's economic climate, it is likely a rent based on turnover will be offered. Details on the party's trading record, covenant strength, experience, innovative ideas and such like will also be requested as part of the tender submission.

4.7. The results of the tender will be reported to Cabinet to enable a decision.

5. Conclusion

5.1. The economic downturn is continuing to take its toll on high street retailing across the UK and there is also widespread concern that street markets face a tough future. A House of Commons inquiry report published in July 2009 found evidence of street market decline resulting from competition from supermarkets, cheap retail outlets and the internet. It is acknowledged,

however, that markets generate a number of social as well as economic benefits to their communities, including aiding social cohesion and assisting town centre vibrancy. The report recognised that local authorities have an important role to play in ensuring the success of street markets.

5.2. The role of Hemel Hempstead street market has is an important part to play in the vitality and success of the town centre. As such the appointment of a suitable operator, who can deliver a quality service, have innovative ideas for the operation, maintain an appropriate rental commitment and contribute to improving performance of the town centre, is an important step to improving the town centre.

5.3. Following the OSC meeting this paper will be presented at the Corporate Regeneration Group meeting, where the proposals will be discussed and agreed in more detail.