



Report to: Place and Economic Development Sub-Committee, 29th October 2020

Report of: Corporate Director - Place

Subject: CITY CENTRE MARKETS

1. Recommendation

That Place and Economic Development Sub Committee:

- 1.1 Approves the principle of managing the different elements of the City's markets offer separately on the expiry of the current contractual arrangements in January, being:**
- a. Weekend High Street markets (covered in this report)**
 - b. Angel Place traders (covered in this report)**
 - c. Victorian Christmas Fayre market stalls (to be discussed at a future sub-committee meeting)**
- 1.2 Authorises the Director of Place, in consultation with the Chair and Vice Chair of the Sub Committee, to procure operators through a concession contract for a period of up to 5 years with the option of a further 2 years extension, to deliver weekend High Street markets (Saturday and/or Sunday).**
- 1.3 Authorises the Director of Place to directly award a contract to a market operator to manage the Angel Place market on an interim basis for a period of up to 2 years, pending the implementation of the Future High Streets Fund redevelopment if this bid is successful.**
- 1.4 Notes that a report will be brought to the Sub-Committee next year giving options for the future delivery of the Victorian Christmas Fayre.**
- 1.5 Agrees that the City Council should offer to act as a single point of contact to manage events and bookings within the City Centre and notes that the Director of Place will engage with the County Council to achieve this.**

2. Background

- 2.1 LSD Promotions have delivered the Worcester City Council markets contract since December 2014. The contract comes to an end on 31 January 2021 (having been extended by 12 months through provisions contained within the existing contract).**
- 2.2 In January 2020, Worcester City Council commissioned specialist markets consultancy The Assembly Line to review the Worcester markets arrangements.**

The review made recommendations about the future markets offer for the city, considering the Council's ambitions for the City Centre and the current economic conditions.

- 2.3 The review included meetings with city centre stakeholders, elected members, Business Improvement District officers and board members, County Council officers, LSD Promotions, and other market operators as well as current market traders. The study also included a review of background material. To engage the wider public, an online survey was completed by 337 residents and 79 businesses.
- 2.4 After the consultation exercise was undertaken, lockdown was imposed due to COVID-19. The Council has planned extensively for the economic recovery of Worcester and the recommendations were reviewed to ensure that they remain appropriate for the medium to long term.
- 2.5 Compared to national figures, Worcester is a city which is currently 'bucking the trend' in the city centre, with higher than average footfall and lower than average retail vacancy. It is a city which has a range of high-quality High Street names and more than 60% independent retailers.
- 2.6 Despite the impact of COVID-19 on consumer behaviour and the ongoing evolution of the High Street, Worcester is still a shopping hub for residents as well as a destination for tourists. Footfall in September 2020 was at c.70% of September 2019 and the TIC are reporting visitors to the city from across the country.
- 2.7 However, in common with the national picture, the city centre is experiencing an increasing number of empty units and markets can have a valuable role to play in helping ensure that the city centre remains a destination of choice for shopping and visiting.

3. Angel Place market

- 3.1 Local market stalls make a valuable contribution to the economy, providing employment opportunities and an income for small business owners. The provision of goods on the market allows city centre employees to shop locally on their lunchbreak or on their way home.
- 3.2 Angel Place market hosts a small number of regular traders, with fruit and veg, clothes and other essentials alongside records and hot food. Most of these traders have been located there for several years and play an important role in the local community, with committed shoppers who make regular trips to the city centre to shop with them.
- 3.3 Angel Place is acknowledged as a major space in the city centre which should be animated, and activities within it could be coordinated more effectively. It forms the basis of the Future High Streets Fund bid and stakeholders are working together on plans to develop the area. The vision for the area includes several high-quality, attractive market stalls.
- 3.4 If the Future High Streets Fund bid is successful, Angel Place will be remodelled. There will still be provision at this location for the established traders.

4. High Street Market

- 4.1 The High Street market has been in operation on a Saturday since 2015. It was one of the requirements of the contract when it was last re-tendered, having been identified as an opportunity by members and officers following successful markets in 2013 and 2014.
- 4.2 It is a popular addition to the High Street, working alongside independent and national retailers to widen the offer and provide more reason for the public to choose to shop in Worcester over other locations.
- 4.3 The LSD Promotions weekend High Street market is not currently operational as the operator considers it is not viable for them to deliver this in light of the COVID-19 restrictions. The Council has been approached by other operators who are interested in arranging market and street food events in Worcester and several High Street weekend markets have been booked between now and Christmas to fill the dates vacated by LSD Promotions.

5. Consultants' Report – Summary

5.1 Context

- 5.1.1 UK High Streets have been under a great deal of scrutiny in recent years. Changing consumer habits have contributed to an evolution of the traditional function of town and city centres away from an over-reliance on retail to a focus on more leisure activities and food and drink.
- 5.1.2 At the same time, markets in the UK are also going through a transition. Whilst many market towns have continued to view the market as central to their identity, in many places the offer has too often failed to keep up with changing shopping habits, leading to a slow decline in popularity and viability.
- 5.1.3 LSD Promotions has delivered almost all markets in the city centre since 2014. When the contract was first awarded, it included several markets which have since been withdrawn by LSD, stating lack of viability due to trader numbers and/or footfall.

5.2 Feedback from residents and businesses

- 5.2.1 In the survey conducted by the consultants, shopping was cited as the main reason for residents to visit the city (63%) followed by work (10%).
- 5.2.2 When asked what kind of market respondents would like to see, the most common responses included antiques, farmers markets, food and handmade / local.
- 5.2.3 Shoppers are looking for unique goods that they are unable to find elsewhere in the city, with a focus on local and independent traders.
- 5.2.4 In subsequent engagement, some businesses have expressed concerns about market traders competing with their own products.

5.3 Feedback from market traders

- 5.3.1 Despite challenging conditions for retail markets, Worcester traders reported that up to March 2020, trade was about the same or better than expected over the last three years. In the summer, trade is usually boosted by day trippers.

- 5.3.2 Most traders do not wish to move location and are happy in Angel Place but would benefit from increased signage to Angel Place, as well as an increase in peripheral activity (e.g. outdoor seating, entertainment, etc)
- 5.3.3 Traders have reported that, since the closure of the Saturday High Street market by LSD, Saturdays on Angel Place have seen a resurgence and the market is currently almost full of traders. Latest reports from LSD have shown that, since July, on a Saturday, Angel Place hosted between 8 and 11 traders and up to 16 stalls.
- 5.3.4 However, traders have given mixed feedback on the current viability of the Angel Place market in terms of trade. Footfall in the city is lower and there is a reduced number of people using public transport, both of which could have an impact on customers and the amount of money they are spending. Further restrictions on non-essential shops opening, or localised lockdowns would have a negative impact on trade. It is clear that the Angel Place market is particularly sensitive to price, both for traders and for their customers and so future models of delivery need to recognise this.

5.4 Further information

- 5.4.1 The markets are not currently part of the tourist offer but there is potential for them to be included in the future. Council officers are working with LSD Promotions and market traders to increase the profile of the Angel Place market and remind residents as part of the Council's ongoing Shop Local campaigns.
- 5.4.2 According to the Markets Matter report, produced by the Institute of Place Management, good quality markets benefit towns and cities in many ways. They provide a boost to the economy by increasing footfall, attracting tourists, encouraging spend in all city retailers and providing local employment. As well as this, they encourage community cohesion and contribute to community development through the creation of entrepreneurial opportunities.
- 5.4.3 The markets also make an important contribution to the Council's finances. The Council receives an annual management fee of £33,000 from the markets operation under normal circumstances and also has income from LSD of £19,000 each year for the Christmas lights concession and approximately £108,000 for the Victorian Fayre. However, the income from these last two elements is wholly offset by costs incurred by the Council in supporting delivery of the events.
- 5.4.4 The market concession fee income for 2020/21 will be considerably reduced as the result of a change to a fee-per-stall basis in response to the Covid-19 disruption.

6. Preferred Option

6.1 Angel Place Market (Wednesday to Saturday)

- 6.1.1 There are regular market traders who have, in some cases, traded from Angel Place for many years. This proposal seeks to secure their future at this site and accommodate them within the wider Future High Streets remodelling of Angel Place, assuming that the bid is successful.
- 6.1.2 The recommendation is to invite a known market operator to act as caretaker for the Angel Place market and traders until Angel Place development work takes place. This interim arrangement may be required for between 1-2 years.

After this time, assuming the Council's bid has been successful, established pitches will be designed into the new scheme to house up to 12 Angel Place traders.

- 6.1.3 Council officers have been able to test this proposal with potential operators for this interim arrangement. The full details are set out in the confidential appendix to this report. The key features are as follows:
- Stall fees will not be increased from their current rate;
 - Stallholders will benefit from having a full-time market manager on-site (which is not currently in place);
 - There will be an improved visual offer through a renewal of the stall canopies;
 - The model is financially viable for the operator and for the Council, subject obviously to any major changes in local or national circumstances.
- 6.1.4 It is proposed that the Council makes a direct award to a market operator for this interim contract. The contract is for a short duration which limits its financial value and the Council is legally permitted to make a direct award for a contract of this value if this is considered a best value solution. The benefit in making a direct award rather than running a tender process is that the Council can ensure that provision is made for the Angel Place traders to keep operating without disruption when the contract with LSD expires on 31 January 2021. The Council has negotiated terms with an operator (as summarised above) which officers consider represent a best value solution.
- 6.1.5 This approach is based on a fee per stall, which will be charged to the stall operators, with an element paid to the Council for the concession. It is estimated that this may generate income for the Council of approximately £12,000 per year but this is dependent upon the number of stallholders that participate and the frequency of operation.
- 6.2 Weekend High Street Market and other events.**
- 6.2.1 The recommendation is to create a concession contract to offer opportunities to market operators to deliver regular themed markets on the High Street at weekends (e.g. farmers' market, arts, or antique markets). Four concessions will be offered (one for each weekend in a month) and these can be delivered by one or multiple operators.
- 6.2.2 In addition, ad-hoc special events can be commissioned to utilise other areas in the city centre, including Cathedral Square, Cornmarket and the Riverside. The objective will be to animate the High Street with attractive events which provide a point of interest for visitors and residents and do not detract from existing High Street businesses.
- 6.2.3 A procurement process for a new concession contract will be commenced, subject to the Sub-Committee's approval, with the new weekend markets starting in the spring of 2021, or earlier (depending on COVID-19 restrictions at the time). It is proposed that the new concession contract is 5 years in duration with an option for an earlier break clause (for example, around year 3) and the option to further extend beyond the 5-year term for a final period of 2 years.
- 6.2.4 The concession model requires the operator to pay a fee to the Council for managing the markets. The operator funds this from the income it receives from stallholders.

Under the concession model, the income risk principally sits with the operator which must invest in the contract to ensure it remains attractive to stallholders. For this new contract, it is proposed that the Council receives a fee per stall, rather than a single overall fee. This should help ensure that the model is financially viable for the operator, the stallholders and the Council. As with any services contract, the Council will agree with the operator a set of quality standards, outputs and outcomes to which the markets must be delivered.

6.2.5 The potential value of this contract, and the income for the Council, is difficult to assess as it is dependent on estimates that potential market operators will make regarding the types of activity involved, the frequency of events and the level of uptake by participants. There may also be operational costs for the Council which have yet to be considered, such as preparatory work and clean-up activities.

6.3 **Victorian Fayre**

It is recommended that this is the subject of further evaluation by the Sub-Committee in the new year to include any learning from the alternative arrangements which are in place for this Christmas. The Sub-Committee will be asked to consider options for the future management of that event.

6.4 **Activation of space in the city centre.**

6.4.1 The City Council should seek to engage with the County Council to secure responsibility for managing the booking of all space in the city centre.

6.4.2 There are several County Council managed sites in Worcester City Centre that can be booked for marketing, arts and community use. There is a charge for this service, and this is booked via Worcestershire County Council. Spaces which are available for hire are:

- Angel Place
- The High Street outside of the Guildhall
- South Quay by the River Severn

6.4.3 The consultants recommend that for the restructure of Angel Place to be effective, the City should work with the County to agree the transfer of the management of city centre spaces for events and activities, including the booking of the diadem in Angel Place which currently has no strategic reference to the market operation.

6.4.4 Even though the bookings are not currently managed by the City Council, the onsite city centre management team often deals directly with hirers to manage issues, ensuring they are following guidelines and are set up correctly. It should be noted that the County's streetscene team do work closely with the city centre management team to try to minimise these issues, but the challenge of managing space when not located directly in it can lead to problems with both hirers and the businesses around them.

6.5 **Summary**

6.5.1 Accepting the above recommendations will allow for cohesive management of the city centre and all markets and commercial activity within it, enabling officers to curate a positive and memorable High Street experience for both residents and visitors.

6.5.2 It will meet the objectives of the tourism strategy and city plan and will support local businesses by providing an effective market management service. It will also support the local community by maintaining and improving market services.

7. Alternative Options Considered

7.1 Re-let the whole markets concession contract (High Street, Angel Place and Victorian Fayre) in its current format to one operator:

7.1.1 The experience of the current contracting arrangements and the feedback from consultation suggests there are no major benefits to be gained from managing all aspects of the markets offer through one single arrangement. Different considerations apply in particular to the management of the Victorian Fayre to the regular markets.

7.1.2 It may be possible for a single supplier to manage the High Street markets and the Angel Place traders but, as noted above, flexibility is required over the Angel Place arrangements until the outcome of the Future High Streets Fund bid is known. It is recognised that Angel Place should remain the location of those established traders but exactly what form that arrangement takes, after any development, is still to be determined. For example, the Council could choose to regulate traders in the longer term through a licensing consent scheme instead of through a market operator.

7.1.3 Retendering the Angel Place contract now presents a risk that suitable provision will not be in place when the current contract with LSD comes to an end in January 2021. This would cause disruption for traders and potential increased costs for both traders and the Council.

7.2 Manage the operations fully in-house:

7.2.1 The Council does not currently have the resources or capability to manage all of the proposed market arrangements in-house. It would require significant investment in both infrastructure and staffing. Existing market operators have the resources and capability and can offer economies of scale as they deliver markets in other areas.

7.3 Move the location of the Angel Place market:

7.3.1 No other location has been identified as more suitable. For example, the Cornmarket is not suitable for a market as it is designated as highway. Closing the road would require significant investment in infrastructure to protect pedestrians from moving vehicles.

7.3.2 In consultation with market traders, they have confirmed their preference is to stay in the established market location, for various reasons with the most common being that the proximity to the bus station allows customers to travel home easily with their purchases.

7.4 Establish the Angel Place traders under street trading licences instead of through a market operator:

7.4.1 It would be possible for the Council to grant individual street trading licences to traders instead of procuring a markets operator. This could be a possible long-term solution for Angel Place.

However, the Council's street trading licencing regime would benefit from a review before this could be considered a preferred option for all parties. Current licence terms and fees may be prohibitive to traders and may constrain the Council's ability to have flexibility and control over the management of its public spaces. The Council would also have to arrange for storage and assembly of the market stalls every week which would incur additional costs.

8 Implications

8.1 Financial and Budgetary Implications

8.1.1 The financial benefits of the recommended options are set out in the report as far as they can be determined at this stage. The current market concession provides income of £33,000 per year for the Council but the operator indicates that this value is not sustainable in the medium term and is unlikely to be recovered in the current financial year due to the Covid-19 disruption. The Council should be able to recover a proportion of this year's losses through the Government income compensation scheme.

8.1.2 The implications of the High Street markets contract preferred option can be assessed once the potential providers have submitted bids for the concessions. Further reports covering the implications for the Victorian Fayre contract will be provided to the Sub-Committee in due course.

8.1.3 The financial implications of the interim contract for Angel Place are set out in section 6.1.5.

8.2 Legal and Governance Implications

8.2.1 The High Streets markets concession contract will be procured subject to a competitive process in compliance with the Public Contracts Regulations 2015.

8.2.2 The interim concession contract for the Angel Place contract will be procured through a direct award without a competitive process. The value of this short-term contract is below the threshold requirement for competitive tendering and therefore compliant with the law; the Council must nevertheless demonstrate best value in making a direct award. The Council's efforts to explore all options helps to demonstrate that this interim proposal is a best value solution.

8.3 Risk Implications

8.3.1 There is a risk that the Council's income from its markets reduces compared to the previous baseline position. This risk cannot be quantified until the procurement process for the High Streets markets contract has been concluded. However, it is proposed that the fee-per-stall model will reduce the risk of the contract becoming financially unsustainable for any party.

8.3.2 There is a risk that inadequate bids are received for the High Street concession contract. This risk is considered to be low based on feedback from traders and operators and the information gathered by the consultancy review.

8.4 Corporate/Policy Implications

8.4.1 The Council's markets support the City Plan objectives and also the Council's ambitions to maintain a vibrant city centre, as set out in the Masterplan and recent future High Streets Fund bid.

8.5 Equality Implications

8.5.1 The equality implications of the Council's markets offer were considered as part of the consultancy review of the markets. No specific equality impacts have been identified. The Council will ensure through its contracting arrangements that the requirements of the Equality Act 2010 are passed on to operators.

8.6 Human Resources Implications

8.6.1 The proposal for the City Council to offer a single point of contact for city centre events can be accommodated through existing staff resources. There are no other specific human resources implications identified.

8.7 Health and Safety Implications

8.7.1 The Council will ensure through its contracting arrangements that robust health and safety standards are in place for all the markets.

8.8 Social, Environmental and Economic Implications

8.8.1 The proposals in the report are designed to ensure the markets make an enhanced contribution to the social, environmental and economic wellbeing of the local community.

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Background Papers: None