

CABINET

29 March 2016

WINCHESTER MARKET UPDATE

REPORT OF HEAD OF ESTATES

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RECENT REFERENCES:

CAB 2310 Winchester Market Update, 11 April 2012.

CAB 2274 Winchester Market Update, 7 December 2011.

CAB 2100 Management of Winchester Market, 9 February 2011.

EXECUTIVE SUMMARY:

The report updates Members on the operation of the City Centre Markets and seeks authority to extend the management agreement with Southern Market Traders for a further year from 1 May 2016, subject to some revision of the agreement. The report also seeks a small increase in budget to cover increased management costs and provide for some investment in gazebos and signage.

It has not been possible to give 28 days notice of a decision to be taken in exempt session, as required under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. The Chairman of The Overview and Scrutiny Committee has therefore been asked to agree to the matter being considered at this meeting. The reasons why the decision can not be delayed are because of the need to resolve the arrangements for the management of the Market from May 2016.

RECOMMENDATIONS:

- 1 That a contract for the management of the Market be entered into with Southern Market Consultants Limited for a period of one year from 1 May 2016 on the financial terms set out in Exempt Appendix A and a direction be made under Contracts Procedure Rule 2.4 (a) accordingly.
- 2 That the detailed terms of the management agreement be reviewed by the Head of Estates, in consultation with the Head of Legal & Democratic Services, and adjusted to take account of the findings of the Market Review.
- 3 That the market expenditure budget be increased by £40,500 per annum from 2016/17 to cover the increased operating costs of the Market.

CABINET29 March 2016WINCHESTER MARKETREPORT OF HEAD OF ESTATESContact Officer: Kevin Warren Tel No: 01962 848528DETAIL:1 Introduction

- 1.1 Since Cabinet approved the relocation of the market to the High Street in 2011, the market has become firmly established in the upper and lower parts of the High Street, while continuing to maintain a presence in Middle Brook Street.
- 1.2 Regular markets are now held from Wednesday to Saturday, with specialist Antiques and Art & Craft markets being held on the 1st and 3rd Sunday every month, which have proved to be very successful. The Hampshire Farmers Market has also been moved to the High Street and operates on the 2nd and 4th Sunday of each month.
- 1.3 An interesting market can be found in Winchester almost every Sunday throughout the year and on 4 weekdays. Winchester has a thriving market culture that has improved considerably since the move to the High Street. The market adds character to the City and while there are concerns raised by some businesses and individuals, studies undertaken by independent consultants identify widespread public and retailer support for the markets.
- 1.4 During the period that the market has been in the High Street, there has been a continual dialogue with local retailers and the BID and the market has and continues to evolve in the light of these observations, with alterations made following representations.

2 Market Data

- 2.1 Table 1 below shows the increase in the demand for stalls since the market moved to the High Street in 2011.

**Table 1 – Daily Market**

<b>Month</b>	<b>Number of Stalls 2010</b>	<b>Number of Stalls 2015</b>
September	274	537(+96%)
October	257	590(+129.5%)

Month	Number of Stalls 2010	Number of Stalls 2015
November	233	618(+165%)
December	292	619(+112%)
<b>Average</b>	<b>264</b>	<b>591(124%)</b>

- 2.2 There are between 22 to 44 stalls in the High Street for the daily market and between 60 and 92 for the Sunday specialist markets. The growth in the market has considerably increased the volume of work which has to be undertaken by the Market Managers and necessitates revised terms for the management agreement for the forthcoming year. It is intended to restrict the stall numbers to a maximum of 44 in the High Street across the three locations, with any extra to be located in Middle Brook Street for the daily market and to 80 for the Sunday market.
- 2.3 It is proposed to adjust the fixed monthly management fee and performance fee in view of the growth of the daily market and the increased management costs. The details of the revised payment proposals are set out in Exempt Appendix A.
- 2.4 The growth in the Sunday Art and Antiques Markets has been exceptional and is detailed in Table 2 below. The City has two Universities who produce graduates in the arts and many residents are involved in the creative industries. The Art Market has been developed and it has struck a chord with local residents and now attracts visitors from across the region.

**Table 2 – Sunday Antiques market**

Year	Number of Stalls let per year	% increase
April 2012	281	Year of inception
April 2013	665	136%
April 2014	932	40%
April 2015	978	5%

- 2.5 Again, the growth in the market has resulted in the need for a change in the terms of the Management Agreement to reflect the extra work in setting up and dismantling stalls and management costs associated with the lettings to traders. The Sunday markets attract over 80 stalls and four or five people now have to be employed to erect them in time for opening. This often involves staff starting work at 5.00 am. The details of the revised proposals are set out in Exempt Appendix A.

### 3 Retailing Trends

- 3.1 Since the market was introduced into the High Street, there has been a retailing revolution brought on by the development of internet retailing. Out of centre retailing has also expanded considerably in nearby towns such as Hedge End, where the combination of superstores and free parking has proved to be very attractive to shoppers.
- 3.2 For the time being, strong planning policy in the City has managed to minimise the impact of out of centre retailing on Winchester High Street. However, the impact of the failure of the Silver Hill scheme means that there are few options in the City to develop additional retail space and this may increase the pressure on the Council to approve out of centre development in future.
- 3.3 Retail rents in the City Centre have risen and yields have been driven downwards, which is a sign of healthy demand for retail premises in prime retail areas. The retailing market is very dynamic and since 2011 many national retail chains with a presence in the City have gone into administration, yet in the prime retail core of the High Street they have been replaced by others. More peripheral retail locations have suffered and there has been a very considerable increase in the number of premises occupied by restaurants.
- 3.4 While there will always be things that can be improved upon with the Market, it trades very successfully and adds to the vitality and viability of Winchester High Street. Representatives from other towns have visited the City on several occasions to see if the success enjoyed by the Winchester Markets could be transplanted to those in their own towns.
- 3.5 Market stallholders are small businesses and numerous traders on the markets have developed very significant businesses as a result of their market trading activities. The Art Market has provided an outlet for people working in the creative industries, an area where businesses often struggle to become established. The relatively modest rents on the market encourage people to become entrepreneurs and step onto the path of business success.

### 4 Market Review

- 4.1 Towards the end of 2015, a number of concerns were raised that the success of the Markets and the number of stalls on the High Street was having a negative impact on a few town centre retailers. A review of the markets was undertaken by the Retail Group Co Ltd and the findings are the subject of a separate report on this agenda (CAB 2787 refers).

### 5 Market Management

- 5.1 The Markets Review report identifies a series of proposals to improve the Market, following on from the report prepared by the Retail Group. There are cost implications for some of these recommendations but they can be accommodated within the revised Market budget.

- 5.2 The stalls the Council uses for the Market are already of a high quality and the programme of replacement will continue as they wear out. To enhance the appearance of the stalls, consideration will be given to whether counter skirts could be fitted to give a uniform tidy appearance to the Market. The gazebo pop-up stalls are used 5 days a week and are outside in all weather conditions. The number of gazebos required has increased as a result of the success of the Sunday markets. It will therefore be necessary to increase the budget for the purchase and replacement of gazebos.
- 5.3 Consideration will be given with the Market Manager and the Tourism, Marketing and Development Manager as to how the marketing and signage of the Market could be improved.
- 5.4 The Market is currently managed on the Council's behalf by Southern Market Consultants Limited (SMT). The company were introduced to run the market in 2010 and have satisfactorily operated the Market on a year to year basis since that time, pending re-tendering of a longer contract once the Silver Hill development was under way. Now the Silver Hill Development Agreement has been terminated, it is unlikely that a whole site development will proceed within the next five years. A review of the Market operation is proposed in the light of this (as indicated in the other report on the Market on this Agenda) and it would seem reasonable not to tender the market operation on a long term basis now, until it is clear what impact the review may have on the siting and extent of the Market. By entering into a contract with SMT for one year, this will allow the Council to review the management arrangements for the future, and also give an opportunity to implement any changes arising from the Market Review.
- 5.5 It is therefore recommended that the Market Management contract be let to SMT for a further period of one year commencing on 1 May 2016 and that the terms of the agreement are amended to take account of the points identified in the Market Review. During the course of the next year, the options for tendering the Market contract for a number of years will be reviewed with the Head of Legal & Democratic Services.

#### OTHER CONSIDERATIONS:

#### 6 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 6.1 The Art and Antiques & Collectibles Markets relate directly to the Community Strategy by providing residents with the opportunity to become engaged in cultural and creative activities. These markets generally help meet the prosperous economy objectives by helping residents to enhance their skills and ambitions by running a micro business, make the best use of the City Councils estate to support the local economy and help meet the High Quality Environment objectives by reducing greenhouse gas emissions by making products available locally which might otherwise require residents to make a trip to another town or shopping centre.

## 7 RESOURCE IMPLICATIONS:

- 7.1 The continuing success of the Markets has resulted in an increase in income from £108,865 in 2010/11 to a forecast £363,500 in 2015/16.
- 7.2 In order to sustain this increase in stall numbers it is proposed to increase the markets expenditure budget from 2016/17 onwards by £40,500 per annum, in order to cover the proposed increases to management and associated costs such as additional refuse collections and gazebos (Please see Appendix A). It is also proposed to increase the markets income budget by £58,282, in order to reflect the latest forecast income for 2016/17 onwards, to c£350,000 per annum. Therefore no net budget increase is requested.

## 8 RISK MANAGEMENT ISSUES

- 8.1 There are risks associated with the management of cash by outside contractors. The risk is dealt with by robust audit procedures and checks are undertaken by Estates on stall numbers and cash receipts.
- 8.2 There are risks that the siting of stalls is not convenient for adjoining retailers or emergency services. The risk is managed by regular inspection of the market by the estates team, continual liaison with shop keepers and the continuation of links with the Police and Fire Service.
- 8.3 There is a risk that the market will attract shoppers away from the adjoining streets. The risk is mitigated by spreading the market over a number of locations in the High Street.
- 8.4 There is a risk that when large events are brought to the City that the market will hinder the flow of pedestrians. The risk is mitigated by recognising that the Market adds to the success of events and by working with the event organisers to ensure that the event and market are properly co-ordinated.
- 8.5 Continuing robust audit procedures will reduce the financial risks associated with the operation of the market and regular checking by the Councils Environment Team will continue to ensure high hygiene standards are maintained.

## BACKGROUND DOCUMENTS:

None.

## APPENDICES:

Exempt Appendix A Financial Information.