

## **Yeovil Street Markets**

*Executive Portfolio Holder:* Cllr Peter Gubbins, Area South Committee Chairman  
*Ward Member(s)* Kaysar Hussain, Andy Kendall & Peter Gubbins  
*Director:* Helen Rutter, Communities Lead.  
*Service Manager:* Natalie Fortt, Area Development Lead  
*Lead Officer:* Marie Ainsworth, Neighbourhood Development Officer  
*Contact Details:* Marie.ainsworth@southsomerset.gov.uk or 01935 462787

### **Purpose of the Report**

1. To request that Members approve the future financial arrangements outlined in this report in line with the newly proposed market management structure.

### **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 2<sup>nd</sup> November 2017. The new market structure (outlined in this report) will remove the need for SSDC officers to perform day to day operational aspects of running the market and these tasks will be carried out by an external operator/partner that SSDC needs to attract and procure. The deadline for report submission was 24<sup>th</sup> October 2017; unfortunately this deadline could not be met as the interviews for candidates took place on 27<sup>th</sup> October 2017. It was not possible for candidates attend any earlier dates.

### **Public Interest**

3. A confidential report was taken to the District Council's Area South Committee on July 5<sup>th</sup> 2017 with regards to the future management of Yeovil's street markets. It was resolved to seek an external operator/partner to operate Yeovil's street markets to replace the current position of SSDC officers managing all aspects of the markets. This report seeks member approval for the future financial arrangements as outlined in this report and in line with the newly proposed market management structure.

### **Recommendations**

4. That the District Executive:
  - a) Remove the current income target for Yeovil's markets of £39,020 from 2018/19 as SSDC will no longer be receiving a direct income from market traders. This will be covered within the provision for unavoidable loss as detailed in the financial implications.
  - b) Agree to retain the total annual markets budget of £23,190 for 2018/19 to allow the new market operator/partner to successfully establish. A proportion of the annual budget can be offered up as a saving in year 2019/20.
  - c) To agree that the Market Improvement Group (along with Financial Services) establish a new and realistic income target in year 2019/20 assuming the new operator/partner is successfully established and is showing a reasonable profit.

### **Background**

5. Markets can be a strategically important element to a healthy and thriving town centre. Having a good market can increase footfall and can contribute to a positive perception of the town centre. A poor market can have the opposite effect.
6. South Somerset District Council (SSDC) currently manages all aspects of the markets in Yeovil for Tuesdays, Fridays and Saturdays.

7. Yeovil's street market has been in decline for a number of years. There have been a number of contributory factors: the loss of the market supervisor in 2013; an increased presence of discount stores; internet shopping and a general change in shopping habits. SSDC's Area South Development Team has endeavoured to manage the market since the departure of the market supervisor in 2013 and a casual supervisor has been employed to carry out some of the operational aspects on Fridays, as this tends to be the busiest day.
8. In a bid to steer the future prospects of the markets, a Market Improvement Group (MIG) made up of officers and members began in 2012. The group set out to oversee the future plans for the market and encouraged a number of initiatives to revive the market. Key initiatives included: a re-launch in 2014; a new logo; a detailed advertising campaign; flags and banners; trawling other markets for new traders and issuing incentives for existing traders to bring new traders to the market. However, it became clear over time just how much resource the market required and that, despite best efforts, the decline continued.
9. Taking everything into consideration, the Market Improvement Group concluded that some advice was needed from an external body. SSDC joined 'The National Association of British Market Authorities' (NAMBA) and commissioned a member's free health check to give a steer on what options might be available. The Health Check was commissioned and the results are detailed in the next section

## **Report Detail**

### **10. Options presented by NABMA for consideration for Yeovil Street Markets**

NABMA commenced with the health check on the markets in July 2016 and they were asked to come up with a number of future options. Three options presented were,

- a) Business case 1; Investing in a dedicated team to operate Yeovil's Market
- b) Business case 2; seek a private operator/partner to take over all operational aspects running the markets
- c) Business case 3; retain the current arrangements.

11. The Market Improvement Group (MIG) considered all three options and discounted business cases 1 and 3 as they felt they were not financially viable or sustainable. It was therefore decided to further explore business case 2 seeking an external operator.
12. A confidential report was taken to the District Council's Area South Committee on July 5<sup>th</sup> 2017. Members were given a breakdown of each business case with financial projections for each, and members agreed to move forward with business case 2 and appoint a dedicated panel of officers and members to work up the detail for seeking expressions of interest and to interview potential candidates.
13. Officers proceeded with the process of seeking expressions of interest and enquiries were received from 5 operators. Two applications were received, one of which was MSD who were invited to an interview on 27<sup>th</sup> October 2017 (the other candidate declined to attend for reasons outside their control). The interview panel unanimously agreed that MSD should be offered the opportunity to become a market partner based on their excellent presentation during which they were able to demonstrate their expertise and knowledge of operating markets.
14. A subsequent report was submitted to the Area South Committee on the 29<sup>th</sup> November 2017 where members agreed to delegate the responsibility of drafting the associated Service Level Agreement to the lead officer providing they consult with relevant officers and external agencies prior to MSD signing the agreement. Area South members also supported the recommendations outlined in this report. Members of Area South Committee were keen to retain the whole annual budget of £23,190 to act as a cushion should the new arrangements not proceed successfully. Some of this budget is likely to be used for SSDC staff time to carry out regular meetings and

reviews of the new arrangements and it is possible that a small amount of infrastructure may need to be implemented, however, if all proceeds well it is anticipated that any unused budget will be returned as an underspend at the end of year 2018/19.

15. A meeting was held with MSD on 1<sup>st</sup> December 2017 to discuss how best to move forward with the process. A Service Level Agreement will be drafted for further consultation with NABMA and key members of SSDC. It is anticipated that this will be signed and agreed with MSD by the end of January 2018.
16. It is worth noting that the Yeovil Refresh document has recognised that markets and events are one of the many key aspects to a town centres overall success, this model offers SSDC the best opportunity of re-invigorating the market and to run themed events alongside. The new market operator will play a key role in advising how best to treat the public spaces to suit markets and events into the future. This will include how new street furniture can be integrated and where essential infrastructure will be required.

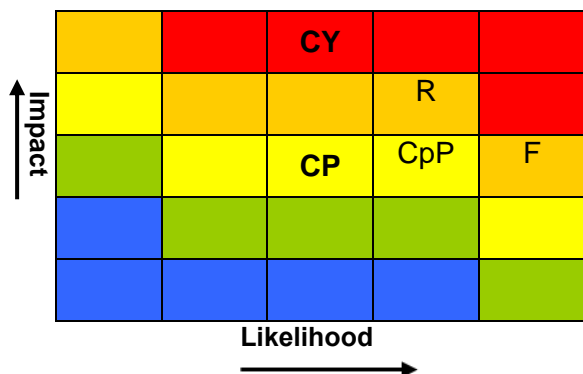
## **Financial Implications**

17. With an external operator on board, SSDC will play a much smaller role and will simply carry out regular checks on progress and ensure the operator adheres to the Service Level Agreement and associated key performance indicators. The operator will be liable for nearly all associated costs of running the markets including NNDR, the only exception will be the maintenance and servicing of the electrical infrastructure (plug in points) and it is possible that there will be a need to extend some of the infrastructure to enable the market area to expand. Improving the market will take a considerable investment from the operator; therefore SSDC will not request an income in the first year (2018/19). However, once the operator has established the new markets, a review will take place in November 2018 to discuss the fee structure going forward, the details of which will be agreed by all parties concerned. SSDC will have access to MSD's financial records for the market (to be included in SLA) to establish a fair sum. This may be in the form of a flat rate fee or on a profit share basis.
18. The large income target of £39,020 has not been achievable for many years and the Area South Development Team has had no choice other than to underspend in other Area South budgets to meet the deficit. With the gap between market income and the income target widening year on year the impact on the team has become untenable. A report was submitted to District Executive in August 2016 to request a temporary reduction of the income target by £7,000 for a period of one year (March 2017-March 2018), which was approved. However, this made little difference as the market income has continued to decline and it still costs far more to administer and operate than it returns in income. Please see Appendix A for yearly income information.
19. Without the removal of the income target, it will be impossible to enter into this new arrangement as the income target will prohibit the possibility of allowing this new operator a chance to regenerate the market; in fact it would prohibit any external operator from achieving success. The market needs to start from point zero and should be allowed to grow at a natural pace. Yeovil stands the best chance of achieving its objective of having a good quality, vibrant market with the investment of an operator's resource, experience and knowledge. SSDC neither have the necessary expertise or resource to continue managing the market. It will be far more effective for SSDC to proceed in enabling role.
20. Therefore members of the District Executive Committee are being asked to agree to the remove the current income target for Yeovil's markets of £39,020 from 2018/19, as SSDC will no longer be receiving a direct income from market traders. The removal of the income budget has been covered within the provision for "unavoidable commitments" included within the draft budget estimates for 2018/19; therefore no additional pressure is placed on the draft Medium Term Financial Plan for next year.

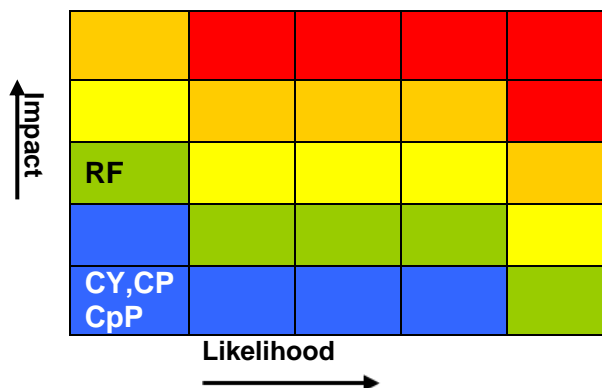
21. The Committee are also being asked to agree to retain the annual markets budget of £23,190 for 2018/19t to allow the new market operator/partner to successfully establish. A proportion of the annual budget can be offered up as a saving in year 2019/20.
22. To agree that the Market Improvement Group (along with Financial Services) establish a new and realistic income target in year 2019/20 assuming the new operator/partner is successfully established and is showing a reasonable profit.

### Risk Matrix

**Risk Profile before officer recommendations**



**Risk Profile after officer recommendations**



### Key

| Categories                      | Colours (for further detail please refer to Risk management strategy) |
|---------------------------------|---|
| R = Reputation                  | Red = High impact and high probability                                |
| CpP = Corporate Plan Priorities | Orange = Major impact and major probability                           |
| CP = Community Priorities       | Yellow = Moderate impact and moderate probability                     |
| CY = Capacity                   | Green = Minor impact and minor probability                            |
| F = Financial                   | Blue = Insignificant impact and insignificant probability             |

### Council Plan Implications

23. To promote a strong economy with thriving urban and rural businesses.

### Carbon Emissions and Climate Change Implications

24. Not Applicable

### Equality and Diversity Implications

25. Not Applicable

### Privacy Impact Assessment

26. Not Applicable

### Background Papers

27. Area South Committee, Future Market Management Plan 29.11.17.