

To: The Scrutiny Committee

Date: 1 October 2013

Report of: The Covered Market Scrutiny Panel

Title of Report: Covered Market Panel's Progress Report

Summary and Recommendations

Purpose of the report: To update the Scrutiny Committee on the progress of the Covered Market Panel and to present the findings so far.

Report Approved by: Cllrs Campbell, Benjamin, Clarkson and Fooks

Recommendations: The Scrutiny Committee is asked to:

- 1. Discuss the finding of the Panel so far and give any guidance on conclusion and recommendation for the Panel to consider.**
- 2. Decide when recommendations from this review should be presented to the City Executive Board.**

Introduction

1. This report outlines the progress the Covered Market Scrutiny Panel (Panel) has made since it last reported to the Value and Performance Scrutiny Committee (VAP) in November 2012. Since then, the Panel has aligned its inquiry to fit with the drafting of the Covered Market Strategy (strategy), has surveyed traders, met with officers and executive members and visited 5 other markets in London and Bristol.
2. At the November 2012 meeting of the VAP, it was agreed to extend the membership of the Panel from Councillors Fooks and Van Nooijen to include Councillors Benjamin, Campbell and Clarkson. Councillor Campbell was appointed the Chair of the Panel as the only Councillor who is a member of the Scrutiny Committee. In the last month, Cllr Van Nooijen has withdrawn from the Panel and so the Panel now consists of 4 members.

3. In February 2013, the Council commissioned external consultants called The Retail Group, to draft the strategy. They are expected to present their draft strategy to the Covered Market Steering Group in early October. The strategy will then be presented to the City Executive Board in November or December 2013. The Panel expects to pre-scrutinise the draft strategy in mid-October. The Panel will present a final report to the Scrutiny Committee in line with the strategy timetable to enable the City Executive Board to consider all proposals together.

Scope

4. The Panel's overarching scope is:

To consider the economic health of the covered market and in particular the effects of rents on the diversity of traders.

The Panel has refined this scope to also include the long term relationship between the Council and the Covered Market traders.

At the November meeting of the VAP Committee, it was agreed that the Panel's brief should include the following lines of enquiry:

- Pre-scrutiny and engagement with the developing Covered Market Strategy and Leasing Strategy
 - Work to engage with representatives of the Covered Market Traders' Association;
 - Review the leasing decision in respect of the unit formerly occupied by Palm's delicatessen;
 - Consideration of comparative data from similar markets elsewhere
5. The Panel has decided not to explore the leasing decision of the unit formerly occupied by The Palm's Deli as they feel there is little more they could add. The other 3 lines of enquiry have all been progressed and are detailed below.

Methodology

6. The Panel used a mix of consultation, visits and observations to gather evidence. These methods have allowed a better understanding of the views of stakeholders and the Council, and have also uncovered potential and possibilities. The Panel has:
 - a) Interviewed on a 1-2-1 basis Market Traders.
 - b) Held discussions with officers and Board Members
 - c) Visit 5 markets (4 in London and 1 in Bristol)
 - d) Observed the consultation events run by the Retail Group.

The final line of enquiry is to pre-scrutinise the draft Covered Market Strategy, which will be an all-encompassing strategy and will provide a list of actions to implement for management of the market. The Panel has successfully aligned its inquiry alongside the development of the draft strategy, and has participated in two stakeholder workshops and attended the visit to London Markets which was organised by the consultants. The draft Strategy is expected early October, and the Panel will be able to pre-scrutinise it then.

Findings

a) Interviews with Covered Market Traders

7. In July, the Panel surveyed traders in the Covered Market to understand their views on the market. Panel members went door to door in the market asking traders three questions:
 - What they thought of the balance of trades in the market,
 - How they viewed the relationship with council and
 - What they thought of the rent review process.

The Panel surveyed 28 traders out of 53 from a wide range of trades. The views expressed by the traders are below. Full notes are available.

Balance of Trades

8. The leasing strategy needs to be tightened in terms of the trades allowed to lease in the market to improve the character and the offering of the market. More emphasis should be given to raw food, traditional services and food products and less on stores that sell generic goods which can be bought elsewhere.
9. The strategy needs to put more weight on the diversity of the market rather than the financial gains to the Council. A weighted scale which encourages Independent traders over multiples should be introduced, charity stores discouraged and chain stores not allowed.
10. The number of stores one individual can lease needs to be reviewed. Traders need to be encouraged to sell goods that complement each other rather than the same good. Change of use requests need to consider the effects they may have on other traders and the market as a whole.
11. Opening hours should be extended to allow traders to stay open past 5pm to accommodate evening customers.

12. Council needs to follow and enforce its leasing strategy.

Relationship with Council

13. There is mutual mistrust between traders and Council, with traders feeling that the Council does not communicate enough and has an underlying agenda. Many traders perceive the Council to be solely financially driven and does not care who leases the stalls as long as they can get as much money as possible. Several traders feel the recent lettings of Palms and Fruitsticks were clearly designed to push up rental values to use at the rent review.
14. Although the proposed strategy sounds great to many traders, they don't believe it will result in any meaningful actions as they have participated in similar consultation processes in the past which have resulted in nothing.
15. Council needs to communicate better with the traders. Many traders felt there is no relationship between traders and Council because of lack of real dialogue to build an effective working relationship. Many traders have no direct communication with officers responsible for the Covered Market and therefore have not been included in any council consultations.
16. Many traders also feel that maintenance issues are not dealt with by the Council effectively. Maintenance is slow and things take too long to get repaired, because there is no market manager it appears that "it's always another department's responsibility".
17. Many traders feel that Council doesn't understand the pressures of working in retail and are making decisions that affect traders without fully knowing the effect these decisions will have. The whole way the rent review process has been run reaffirms this belief, as it is nearly 2 years on from when the rents increases were suppose to start and the process has not been resolved yet.
18. Rather than fighting with the traders the Council should be supporting them and promoting the market so that it can prosper.

Rent review Process

19. The whole rent process is taking too long to complete which makes it very difficult to plan for the future as traders now have rent arrears of 18 months. Traders feel that there is a total lack of commitment or sense of urgency on the officers' part to bring or start negotiations to a successful conclusion with or without arbitration. The process could be shortened if council consulted the traders well before the rent review is due.

20. Traders feel that Council is only interested in financial gains and wants to receive as much money from the rents as possible, regardless of whether traders can afford it. Small traders feel they are being priced out of the Covered Market, they believe the calculation and proportions used to determine rent is unfair – as the traders do not have the revenue of chain stores on the High Street. Traders feel that the Covered Market is a unique attraction that should be subsidised by Council to protect its future. Some traders also feel there is a lack of transparency in how the figure is reached.
21. Council appointing an external operator to run the rent review process has not improved the relationship with traders. Successive agents for the Covered Market Trading Association (CMTA) have consistently complained about the difficulty of dealing with the Council. These difficulties have only arisen and got progressively worse since the lease renewal in 2000. Prior to then although there were disputes they were settled amicably without court or arbitration. These earlier reviews were handled “in house”.
22. If Council had a proper understanding of the current business environment it would help in the negotiations.

b) Meeting with Officers

23. The Panel met with officers from the three different service areas involved in the day to day running of the Covered Market. This included the Porters from City Direct Services, Maintenance Officers from Housing, and Officers from the Regeneration and Major Projects team (who are responsible for change of use applications and the rent review process). The Panel also met with David Edwards, Director of City Regeneration and Housing and City Development and Gordon Reid, City Centre Manager separately. Officers were asked similar questions to the traders and their views have been bought together below.
24. Questions were on:
- Vision of the market
 - How the Council can improved the Council/traders relationship.

Vision of the Market

25. The Covered Market could be a niche, high quality shopping destination so that it can distinguish itself from the new Westgate and Oxford Castle. It should sell goods and services that are not available on the High St.
26. Would like to see a more tightly managed user clause which would regulate the quality of the food being sold. ie Borough Market has a tightly controlled approach to permitted uses. In Borough, traders are

interviewed and their products taste tested before they are given a licence/lease to sell it. Change of Use are rarely given, traders have to re-apply to sell alternative goods.

27. More promotion and marketing of the market needs to occur, shop fronts need more identity and cohesion, work needs to be done to improve the lighting, signage and visibility of the market.

Improving the relationship between Council and Traders

28. Traders are too quick to blame the Council for everything - ie footfall drops and its Council's fault. The Council has quarterly meetings with the Covered Market Traders Association (CMTA) and consults with them on change of use applications. We rely on the CMTA being the voice of the market and it should communicate with all traders more.
29. Changing the leasing structure would improve the relationship between Council and traders. The current leases all start and finish on the same day which has meant that 50 rent reviews all take place at the same time. The tension between traders and the Council occurs because the rent review affects the whole market at the same time. When the leases expire in 2017, the tenants are legally entitled to a new lease however it may be possible to agree different lease patterns at renewal ie stagger the leases so they don't all start and end (and require rent review) at the same time.
30. When the leases end in 2017 the Council could adopt a more flexible approach. It doesn't need to be constrained by tenure - any empty units could be changed to licences as long as we are fair to all tenants.
31. It will be possible to change the fixtures and fittings in the market, however there is a cost to changing the structure. The tenants will need to agree to the change, as a lot of tenants have spent a lot of money on upgrading their shop fronts.

b) Meeting with the Executive

32. The Panel spoke with Cllr Bob Price, Leader of the Council and Cllr Colin Cook, Board member for City Development on their vision of the market. It was felt important to speak to Executive Members to get their vision for the future of the market.

Vision of the Market

33. Covered market traders must accept that market trends are evolving. For the majority of shoppers, price and convenience has more influence over shopping habits than quality does. This can be seen through the growth of chain stores and the decline in independents throughout Britain.

34. In order to prosper, Covered Market traders need to concentrate on offering niche goods and services that are unavailable elsewhere in town. They can't compete with the chain stores on price, but they can offer better quality, unique goods that cannot be bought in shopping malls.
35. Council has a role to play in encouraging this transformation as we have a responsibility to enhance the retail sector in Oxford.

Improving the relationship between Council and Traders

36. Traders cannot blame the Council for all of their problems they must take responsibility for their own success.
37. The overall relationship between the Council and traders has suffered because there is not one person or forum responsible for the Covered Market. Delegating the everyday running of the market to officers has meant that traders deal with many officers for different things and so relationships have fragmented. A sub-committee of councillors responsible for overseeing the Market could be established which would give the traders a single forum to direct their problems to and would give councillors responsibility for building and maintaining the relationship.
38. The current rent review process needs to change as it is too adversarial to build a meaningful relationship with the traders.

c) Visits to Other Markets

39. The Panel visited 4 London Markets (Covent Garden, Spitalfields, Borough and Brixton) and the St Nicholas Market in Bristol. The point of the trip was to observe how other markets function and decide what aspects could possibly work in the Covered Market. The visit to London markets was organised by the Covered Market Strategy Group and was attended by Covered Market traders and Council officers.
40. The Panel also visited Bristol's St Nicholas' market with Council officers. The trip to Bristol was valuable as the St Nicholas market is owned and operated by Bristol City Council which made it more relevant to Oxford.
41. A table that outlines the 5 markets visited is attached as **Appendix 1**. The observations below for each market highlight areas which could be considered for the Covered Market

Covent Garden

42. The focus of Covent Garden stallholders is quality British goods. The manager controls and monitors what is sold and by whom. He

understands the customers the market sells to and focuses on maintaining the level of quality to meet the customers' needs.

43. The licence system is flexible and allows the management team to change and adapt what is sold at the market. Having a daily licence, means the manager can select performers and different products to entice a new audience into the market easily.
44. The manager has the autonomy to monitor and change things without having to get approval from others which means changes can happen quickly and trading is not disrupted.
45. Understanding the importance of a brand and promoting it is vital, Covent Garden is a world-recognised brand yet the brand is not sold in the market, souvenirs for Covent Garden are sold in the Jubilee market next door. Covent Garden is missing out on customers because they are not exploiting their brand.

Spitalfields Market

46. Management actively promotes the market through pamphlets and a website. Clear signage in the market explains where things are.
47. The range of events, stalls and restaurants complement each other and encourages people to come and spend a few hours at the market, by offering a range of things to do. Offering a range of events encourages new people into the market and new shoppers.
48. The market encourages independent stalls and food places, offering consumers something that they can't get elsewhere.
49. The flexibility of opening hours means traders are still open when people are finishing work and are able to entice them to spend on their way home.

Borough Market

50. Borough Market's management demands high quality and unique products to set it apart from other markets and to strengthen its reputation. Their vision is to celebrate the diversity of British food and is backed up by procedures such as the rigorous traders' application process (outlined in Appendix 1), which means that quality is not sacrificed. If a trader's goods do not meet management's quality standards then the trader is not given a licence to trade.

Brixton Market

51. The Brixton market focus is on providing goods that the local community wants. It sells a wide range of authentic products that are

unique to the culinary cuisine of the community and affordable. It fills a need which is not widely available.

St Nicholas Market, Bristol

52. The St Nicholas Market consisted of several different rooms which all provided a different offer, ie food, giftware, services. Most of the food traders were in one part of the market which meant that it was easy for consumers to see what was on offer and the aromas complemented each other. It has an amazingly diverse range of cooked food which provided many options for the lunch time rush.
53. Having one manager on site seemed to work very well as all the traders knew who to approach if they had an issue and he appeared to have a good rapport with the traders.
54. The flexible weekly licence encourages entrepreneurship, as traders only have to pay for a weekly licence and can 'test' out their product on the market. If it doesn't sell well they can walk away, if it does they can renew the licence.
55. The Council is very transparent with the prices – they have a flat rate per sq ft, irrespective of the size of the stall.
56. Unlike Oxford, Bristol doesn't seem to have a problem with mistrust between traders and Council. This might be due to the market manager being responsible for all traders and therefore communication between the two groups is better or because the licences allow for more flexibility than the leasing structure does in Oxford.

d) The Draft Covered Market Strategy

57. The Panel have been running their inquiry alongside the development of the draft Covered Market Strategy so that effective pre-scrutiny can be conducted before the draft strategy is reviewed by CEB.
58. The Covered Market Strategy is "a 5-10 year business plan for the covered market's strategic development and management". The aim is "to build its [the covered market] profile as a destination retail facility with a growing commercial performance." (Covered Market Strategy Brief)
59. In February 2013, The Retail Group were appointed to draft the strategy.

The strategy will consist of 3 stages –

- Vision
- Revitalising the short/medium term performance of the Market

- Long term strategic outlook

It is expected that an action plan will accompany each stage, which outlines issues that both the Council and traders can implement.

60. Each stage has been discussed at a stakeholder workshop with ideas being incorporated into the draft strategy by The Retail Group. The Panel took part in the stakeholder workshops which consisted of traders, councillors and officers brainstorming the three stages of the strategy.
61. It is expected that The Retail Group will present their draft strategy to The Covered Market Steering Group (officers, Cllr Cook, Board Member for City Development and trader representatives) in early October 2013. The Steering Group is responsible for reviewing the initial draft strategy and making recommendation to CEB. This will include a further consultation stage, after which a decision will be made. This is expected to be the November or December CEB meeting.
62. The Panel will have an opportunity to pre-scrutinise the draft strategy once the Covered Market Steering Group has approved it. The Panel and Committee need to decide if it wishes to present all its recommendations at this stage or to present some at an earlier stage. A pre-scrutiny report from the Panel will be presented to CEB at the same meeting that CEB receives the draft strategy for consultation.

Conclusion

63. The Panel is progressing well with its inquiry and hopes to agree on final recommendations from the work it has done with stakeholders (traders, officers and executive) and the market visits in the next month.
64. The Panel expects to be able to pre-scrutinise the draft Covered Market Strategy within the next month and will brief the Scrutiny Committee on its findings and recommendations.

Name and contact details of author:
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Sarah Claridge on behalf of the Covered market Review Panel Democratic Services Officer 01865 252402 sclaridge@oxford.gov.uk
