

To: City Executive Board

Date: 12 February 2014

Report of: The Scrutiny Committee

Title of Report: Improving the Economic Health of the Covered Market

Summary and Recommendations

Purpose of report: To present the conclusions and recommendations of the Scrutiny Committee's inquiry into the economic health of the Covered Market.

Scrutiny Lead Members: Councillor Campbell

Executive Board Member: Councillor Cook, Board Member for City Development

Recommendations:

For the City Executive Board to say if it agrees or disagrees with the following recommendations:

Recommendation 1

The Council should articulate its role in the Covered Market. The Panel believes that this should provide for greater emphasis on the civic importance of the Market and its contribution to the City.

Recommendation 2

The Council should appoint a Market Manager who will be based in the Market and accessible to the traders.

The role should include the following:

- **Working with the Council and traders to develop the Market for the future, including discussions on the leasing structure and strategy, and the balance of trades**
- **Spending the Councils allocated budget for the Market and commissioning services delivered within that**
- **Promoting the market**
- **Offering training and support for traders**
- **Reviewing the website and keeping it up to date.**

Recommendation 3

In the longer term to evaluate all the options for the management of the market around criteria to be developed by the Market Manager, traders and the City Council.

Recommendation 4

That early negotiations take place between the Council and traders to determine the best rental and licensing structure with the aim of moving as quickly as possible to a clearer and more flexible leasing and licensing arrangement needed to improve relationships and provide the flexibility needed for success.

Recommendation 5

That the Council moves as quickly as possible to improvements to the Market Street entrance to the Market, and begins negotiations with traders on their loading and unloading requirements with the aim of freeing space for the extension of outdoor trading. This should also include discussions on the provision of extra cycle parking.

Recommendation 6

To come forward with temporary arrangements for more visible signage for the Market on High Street including options using the buildings above and free standing signs.

Recommendation 7

To provide money as soon as possible for the improvement of the Market Avenues from High Street.

Recommendation 8

The Council move to commission design options for changes to the Covered Market and for these to include better use of the service yard.

Recommendation 9

That Council actively promotes and includes the Covered Market in their communications and event planning to take the opportunity to highlight the Market as a key destination and also attract a more diverse range of people into it.

Foreword from the Covered Market Scrutiny Panel

In January 2012 the Council organised a workshop to consider the Future of the Covered Market. Over the last two years, and particularly in the last nine months, a lot of time and effort has been invested into developing ideas that came out of this workshop. Our Scrutiny Panel has been part of this investment.

It is clear to us that the potential for the Covered Market to contribute to Oxford is as great as it has ever been, and also that the majority of stakeholders are committed to make the changes that are needed to realise this potential.

One of the recommended actions following the January 2012 workshop was to “set up a Partnership Charter as a joint statement of intent by landlord and tenants.” It is in that spirit that we make these recommendations.

Our recommendations are based on our own findings, on the proposals made by the Retail Group and on the conclusions of the different consultation exercises carried out by the Council. **Our key message, to the Council and to the Traders, is the need for a clearer understanding of the role of the Covered Market, and for greater flexibility and co-operation in fulfilling that role. Doing nothing is not an option.**

Introduction and Background

1. The Covered Market is an iconic attraction of value for residents and tourists alike, offering a unique retail experience of high quality goods and independent stalls different to those offered on the high street. It is an Oxford institution and is recognised by the Council as such in the many Council plans and strategies written to protect its diversity and status.
2. The Council's Asset Management Strategy places the Covered Market within its "Investment Property Portfolio" and highlights it as one of the most important properties within that Portfolio. The overall objective for this class of asset is stated as:

".....to make the greatest possible financial contribution to the Council within the context of the Council's wider Corporate Plan and priorities, good estate management, good investment management, thereby protecting, and where possible enhancing, asset value."

The Plan goes on to recognise the heritage value and contribution to the fabric of the City made by the Covered Market and talks about the current process commissioned through the Retail Group to consider future Business Planning. It is within this context and emphasising this particular status that some of the panel's recommendations are made.

3. The Covered Market Scrutiny Panel (the panel) was established in 2012 by the Value and Performance Scrutiny Committee to review the economic health of the Covered Market, in particular the effect of the level of rents on the variety of independent traders in the market. However the panel quickly realised that the Council was planning to appoint consultants to review the overall performance of the market and so it was felt appropriate that the panel broaden its scope and align its inquiry alongside the consultants' work.
4. In February 2013, the Council commissioned the Retail Group to draft an all-encompassing report for the future operations of the Covered Market. The Retail Group's report provides a vision for the market, strategy and a list of actions to improve performance for Council and traders to consider. The Retail Group's report went out for public consultation in November 2013.
5. This report does not intend to cover the ground analysed in some detail by the Retail Group but aims to emphasise and give importance to

recommendations and options supported by the panel's own research and the wider consultation.

6. The Covered Market is a valuable financial asset for the Council and currently makes approximately £500,000 each year contributing to the Council's budget.
7. The Market does not run well. Relationships between landlord and tenant are poor; there is falling footfall, vacant units, concerns about diversity and balance of trades, perceived underinvestment and strained communications. More positively, all recognise these issues and agree that change is needed to secure the Market's economic viability. This report is aimed at contributing positively to that change.
8. The panel would like to thank Council officers, the Board Member, the Council Leader and traders for their contributions, support, time and advice.

Review Methodology

9. The panel used a mix of desk top reviews, financial detail, consultation, visits and observations to gather evidence. These methods have allowed us to gain a better understanding of the current management arrangements, finances and leasing, views of stakeholders and the Council's aims. The panel has:

- Interviewed market traders on a 1-2-1 basis.
- Held discussions with officers and board members.
- Visited 5 markets (4 in London and 1 in Bristol).
- Observed the consultation events run by the Retail Group.
- Reviewed financial and other information held by the Council.

10. The panel's findings can be found in the appendices attached and listed in the table below. The conclusions and recommendations that follow are firmly based on these findings.

Appendix 1 - The panel's scope.

Appendix 2 - Consultation with traders.

Appendix 3 - Key points from market visits.

Appendix 4 - Key points from discussions with the Board Member and Leader.

Appendix 5 - Key points from discussions with Officers.

Appendix 6 - Financial information.

11. The panel has scrutinised the Retail Group's report published in November and has incorporated its thoughts, on the findings and subsequent consultation, into the 4 sections listed below.

Conclusions and Recommendations

Council's role in the Covered Market

12. The Covered Market is treasured locally, regionally, nationally and even internationally. The City Council's ownership and stewardship of this asset is complex and multi-faceted. The panel's view of the role of the City Council is that it:
- Owns the asset with a duty to council tax payers to get best value from it.
 - Protects and maintains the fabric as a listed building both as the Planning Authority and owner.
 - Has a commercial role as manager and landlord to 52 tenants.
 - Has responsibility for the development and growth of the City Centre within which the Covered Market plays a significant part.
 - Has a "civic" responsibility and commitment to support this asset for future generations.
13. These are not discussed in detail in the Asset Plan but the "spirit" of most is collectively recognised through broad statements. The tensions between these various roles are obvious with some showing themselves currently. Consultation evidence suggests that some people believe it is a narrow financial drive that underpins the Council's actions. The panel believe that notwithstanding this complexity it is possible to review the Market and deliver improvements, in partnership with traders. It is important that the Council has clear statements of intent within its Asset Management Strategy that balance the complexity of its involvement and gives weight to the "civic" responsibilities. This intent must then drive actions and solutions.

Recommendation 1

The Council should articulate its role in the Covered Market. The Panel believes that this should provide for greater emphasis on the civic importance of the Market and its contribution to the City.

Appointing an Autonomous Manager

14. The panel agrees with the Retail Group's report conclusions that "a new management regime with control and complete responsibility is needed to deliver a successful market". The findings from the visits to successful markets elsewhere support this view and the panel are pleased to see funding for this proposed in the budget to enable early implementation. The commercial skills of the Market Manager, along with the autonomy and flexibility allowed, are key to necessary culture change. The panel notes that the post is proposed as a 1 year contract which suggests a combination of role shaping and immediate implementation of short term objectives. The panel wish to emphasise a number of elements that they believe are essential within the role definition. These are listed below:

- Being resident and visible in the Market
- Working with the Council and traders to develop the Market for the future, including discussions on the leasing structure and strategy, and the balance of trades
- Spending the Council's allocated budget for the Market and commissioning services delivered within that
- Promoting the market
- Offering training and support for traders
- Reviewing the website and keeping it up to date.

15. As stated earlier the panel supports the appointment of a Market Manager to provide some immediate and direct focus for change. In the longer term the panel would like to see an evaluation of all the options for the future management of the Market explored.

Recommendation 2

The Council should appoint a Market Manager who will be based in the Market and accessible to the traders.

The role should include the following:

- **Working with the Council and traders to develop the Market for the future, including discussions on the leasing structure and strategy, and the balance of trades**
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Recommendation 3

In the longer term to evaluate all the options for the management of the market around criteria to be developed by the Market Manager, traders and the City Council.

Balance of Trades and Leasing

16. The Council's Covered Market Leasing Strategy 2006 controls the balance of trades in the Covered Market. Traders hold 15 year leases most beginning in 2002 and ending in 2017 with rents reviewed simultaneously every 5 years. It is clear that to deliver successfully on the future options for the Market the current system needs to be reviewed and, where consent can be achieved, altered.

17. Evidence from successful Markets is clear – economic health is delivered in some part through diversity and flexibility and this requires different trading and leasing arrangements to those currently in existence. The next opportunity to renegotiate leases is in 2017 and the panel wishes to see early discussions with leaseholders. The protection provided by the Tenant and Landlord Act for current leaseholders means outcomes are by no means certain, but improved relationships within shared ambitions are likely to provide the best basis for discussions.

18. The panel agrees with the Retail Group's report conclusion that the current leasing structure needs to change to "shorter 3 year leases and that it would be good to have 20% of the tenants on leases outside of the Landlord and Tenant Act 1954".
19. It is the panel's view that a more transparent rental structure is required to improve the relationship between Council and traders. The panel believes this transparency is more effectively delivered through a rental structure like that used by Bristol City Council which charges on a per sq.m basis and increases annually by the retail price index (RPI). In addition the panel would like to explore the possibility of "tiering" so more prominent locations in the market are charged a higher rate per sq.m.
20. In addition a mixture of leases and licences of varying length can benefit both traders and the Council. Weekly licences at the other markets allow greater flexibility to both traders and management to change and adapt the market offer and encourage entrepreneurship and therefore variety and interest for customers. A number of such licences could be available to start ups.
21. Whichever structure is ultimately shown to be most effective the panel would like to see early thinking and discussions to support lease negotiation in 2017, and the letting of any new trading opportunities created by vacancies and new development.

Recommendation 4

That early negotiations take place between the Council and traders to determine the best rental and licensing structure with the aim of moving as quickly as possible to a clearer and more flexible leasing and licensing arrangement needed to improve relationships and provide the flexibility needed for success.

Covered Market Development

22. The Retail Group makes a number of proposals, some smaller scale some more radical, for changes to the physical structure of the market. These proposals if implemented would improve access and increase footfall. While recognising the constraints, particularly of budget and heritage, to which it is subject, the panel hopes that, in consultation with the traders and other stakeholders, the Council will consider these proposals in a positive and imaginative way. The panel would like to see design feasibility studies for all these options brought forward so that a more informed debate can take place between the council and traders.
23. In the following paragraphs the panel wishes to highlight particular proposals.
24. At present, only 14% of the city centre footfall finds its way into the Covered Market despite Cornmarket (the busiest street in the city centre)

being less than 50 metres away. The panel agrees with the Retail Group's suggestion that part of the solution to increasing footfall is to develop the Market Street entrance into the Covered Market. For best effect this would require reconsidering parking and loading requirements and relocating the toilets, and the panel would urge Council to support this option through their budget, and open negotiations on necessary restrictions and design as soon as possible. These negotiations should also consider the provision of more cycle parking.

25. In addition, and to further enhance visibility, the panel suggests that an outside market should be run once or twice a week on Market Street. The theme of this market should be a matter of discussion with traders, the Market Manager, the City and County Councils, and other stakeholders. The panel would not wish to see this in direct competition with the trading offer in the Covered Market, but as a complement and enhancement to it.
26. When considering the public consultation the panel noted the desire for the provision of more stalls selling fresh food and flowers and the need for longer and more flexible opening hours. The panel wishes to see these views taken seriously in trading discussions and, in particular, an agreement on opening hours found as soon as possible.
27. Priority should also be given to relocating the toilets and to reconfiguring the Market Yard to provide better parking and loading facilities. Consideration could also be given to possible development above the Yard.
28. Providing effective signage for the Covered Market on High Street is important and has been problematic because of the listed status of the Market. The panel would like early discussion with Council Planners, traders and the owners of the buildings above to see what else might be done on a temporary basis for example, portable free standing signs.
29. The panel believes the avenues into the Market can provide some of that much needed visibility and that investment in their improvement is essential.
30. As outlined earlier the publicity and marketing of the Covered Market needs to be in the control of the Market Manager and traders with all opportunities through traditional, technological and cultural mediums being exploited. The panel would also like to see the Council more actively promote and include the Covered Market in their communications and event planning. This will not only highlight the Market as a key destination but also attract a more diverse range of people into it.

Recommendation 5

That the Council moves as quickly as possible to improvements to the Market Street entrance to the Market, and begins negotiations with traders on their loading and unloading requirements with the aim of freeing space for the extension of outdoor trading. This should also include discussions on the provision of extra cycle parking.

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