



OVERVIEW & SCRUTINY BOARD

28 JULY 2015

FINAL REPORT OF THE ENVIRONMENT SCRUTINY PANEL – NORTH ORMESBY MARKET

PURPOSE OF THE REPORT

1. To present the findings of the Environment Scrutiny Panel's review on the topic of North Ormesby Market.

AIM OF THE SCRUTINY INVESTIGATION

2. The overall aim of the Scrutiny investigation was to consider the proposed alternative delivery model for the management of North Ormesby Market.
3. On 15 December 2014 a decision was taken by the Executive Member for Supporting Communities that an in principle agreement be made for North Ormesby Neighbourhood Development Trust (NONDET) to take over the management of North Ormesby Market subject to a number of conditions being met.
4. The panel has subsequently sought to examine how the Community Asset Transfer of North Ormesby Market is progressing. With the aim of helping further support and secure the long term viability and success of North Ormesby Market.

METHODS OF INVESTIGATION

5. Members of the panel met formally on four occasions between 14 July 2014 and 13 April 2015 to discuss/receive evidence relating to this investigation and a detailed record of the issues discussed at those meetings are accessible via the Council's website.
6. A brief summary of the methods of investigation are outlined below:-
 - (a) Detailed officer presentations supplemented by verbal evidence
 - (b) Evidence received from North Ormesby Neighbourhood Development Trust (NONDET) in both verbal and written form

(c) Views expressed by the Chair of the Middlesbrough branch of the National Market's Traders Association

(d) Desktop research undertaken by the Scrutiny Support Officer

7. The report has been compiled on the basis of this evidence and other background information listed at the end of the report.

MEMBERSHIP OF THE PANEL

8. The membership of the Panel was as detailed below: -

Councillor P Purvis (Chair), Councillor B Brady (Vice Chair), Councillors G Clarke, J G Cole, P Sanderson, M Saunders and P Sharrocks.

BACKGROUND

9. In 2009 a report was submitted to the Executive detailing the need for action in respect of North Ormesby Market, as trader attendance was declining. It was highlighted that in 2004 the number of traders attending the market on a Tuesday was regularly below 60 (approximately half the 2000 level) and if the decline were to continue then trader numbers could fall below 40 by 2011. The Saturday market had also declined to a total of 12 regular traders and the character of the Saturday market has also changed significantly. The Saturday market had developed into a second hand market (car boot sale) occupied predominantly by regular traders in second hand goods. In 2008/09 the cost to the Council for operating North Ormesby Market was £13,972.

10. At a national level a similar picture was emerging and in 2008/09 the Communities and Local Government Select Committee undertook a review entitled Market Failure? Can the traditional markets survive? The report highlighted that the situation as regards traditional retail markets in England is complex. There was evidence of prolonged decline coinciding with the growth of supermarkets. But there was also evidence of continuing success for some in all types of markets. The report stated that there was scope for optimism for the future provided that local authorities and other key stakeholders are willing and able to rise to the challenges that markets will continue to face.

11. In 2009 the Retail Markets Alliance (RMA) published a report entitled Market 21¹, which sought to highlight that there can be no grounds for complacency. The report stated that if significant change does not materialise quickly, it is not unreasonable to suggest that somewhere between 20-25% of current markets will close within the next decade. Markets with regular trader attendance figures of below 50 were identified as being particularly vulnerable.

Alternative Delivery Models

12. The Market 21 Report highlighted that there are currently three forms of market management in the UK – local authority run markets, privately operated markets,

¹ A Policy & Research Review of UK Retail and Wholesale Markets in the 21st Century - The Retail Markets Alliance - November 2009

and markets run in some form of partnership such as a joint venture, or contracted out operational management.

13. There are also a number of models, which are not currently common, but offer scope for the future. It was noted that the role of social enterprises in operating local markets was largely unexplored. A small number of farmers' markets were operated by community interest companies (CICs), but given the social, health and environmental benefits this model could be of particular use for small markets that do not generate large profits but help sustain rural or local communities. The report noted that it is down to individual markets to determine the most appropriate vehicle for delivering successful and sustainable markets.

The Portas Report

14. In 2011 the Portas Report on the future of the British High Street also made reference to the important role performed by indoor and outdoor markets in the UK. Two recommendations in respect of future market provision in the UK were put forward as part of that review, as follows:-

- Establish a new 'national market day' where budding shopkeepers can try their hand at operating a low-cost retail business
- Make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not

15. The following case studies were also highlighted:-

Case Studies – West Norwood Feast

16. West Norwood Feast is a monthly volunteer powered street market kick started by Space Makers Agency in 2011. Local retailers and businesses are involved and there are stalls selling street food, local crafts, gardening and retro clothes. But what makes it great is it is not just about handing over money for goods – it is also a place to meet new people, learn new skills and be entertained by local performers. It is a real celebration of the diversity, talent and entrepreneurial skills in the area. The market has seen early successes and put a lesser known area on the map. Critical to its success in the future, as an enterprise completely founded on the efforts of local volunteers, is its sustainability. Going forward, finding the funding to allow a more permanent Market Manager, rather than simply relying on the massive goodwill of local people will be essential.

Hitchin Market

17. Hitchin Market is one of the oldest in England but after several years of decline, local people decided it was time for it to get more investment. The local town partnership stepped in and formed Hitchin Markets Ltd operating on a not-for-profit basis. Since the takeover the market's footfall and trader base have increased and a weekly car boot sale, a monthly farmers' market and craft market have been added to the timetable.

Mission for Market Roadshow and Love Your Local Market

18. Since the Portas Review the National Association of British Market Authorities (NABMA) and National Market Traders Federation (NMFT) have launched the Mission for Markets Roadshow and the annual Love Your Local Market event. In 2015 Stockton-On-Tees was awarded the Great British Market Award for the best Love Your Local Market event and Stockton has subsequently hosted a Mission for Markets Roadshow. In the past 2 years Stockton has also seen an increase in the specialist markets on offer, with newly themed markets including the Retro Lovin' Market, the World Market, the Pre-Loved Market and the Makers Market and Craft Fair.

19. The first stage of the Mission for Markets campaign was to identify six of the major issues likely to affect markets in the next three to five years. The following issues were highlighted:-

- **Next generation of market trader** – This is the biggest single issue facing the market retail industry.
- **Adapting to new technology/new trading skills** – Traders and many market traders are struggling to take advantage of new technology
- **New skills for the management of markets** - Bylaws, casual lists and attendance points will need to make way for agile management, creative thinking and the innovative creation of retail space.
- **Structural change to local government** - In the past many markets have provided a surplus for general local authority budgets but the number of markets operating with a surplus is declining. Change must be addressed in a structured way with alternative forms of management identified.
- **Legislation** - We need to be able to locate markets in our towns where they can best serve the local community.
- **Markets at the centre of our high street** - Markets cannot exist in isolation and need to form partnerships with Town Teams and other stakeholder groups.

20. The NABMA and NMFT fully recognise that the dynamic speed of change in retailing generally means that markets are coming under pressure from well-resourced competitors small and large. In addition local authorities, who are still the biggest market operator, are undergoing massive changes in terms of funding and service delivery. It is the NABMA and NMFT's view that it is vital that the market industry meets this challenge.

The Teenage Market

21. A further initiative which has evolved from the national market day is the Teenage Market. Founded by two teenage brothers in Stockport the Teenage Market gives young people with a business idea a free platform to showcase their creative talents. The brothers have held a number of successful Teenage Market events in Stockport which have included performances by young dancers, bands, comedians and magicians. These events are held alongside an allocated number of free

market stall spaces where young people can launch their creative business ideas. The scheme has been successful in attracting hundreds of people to the market and a licence scheme has since been developed for the Teenage Market. The scheme has been rolled out nationally and numerous Teenage Market events have been held throughout the UK.

North Ormesby Market - Middlesbrough

22. The Council's Principal Trading Standards Officer and Community Regeneration Manager attended the panel's first meeting to provide background information on the current management arrangements for North Ormesby market.
23. The panel was informed that since the re-launch of North Ormesby Market in 2011, trader attendance at the Tuesday market has remained fairly static and income is comparable to previous years. During the summer months the Saturday market's performance has improved following the introduction of a 'second-hand' market (or car boot sale). The rules for second hand traders are more flexible and there is no admission charge for the public. The growth in the Saturday market has allowed the overall market budget to meet year-on-year rental income targets, although the number of regular traders standing on Saturdays when the 'car boot' is being held is limited (typically between nine and 12 regular traders during the winter months). The second-hand (car boot) market attracts upwards of around 40 traders and has proved popular with local residents, highlighting a demand for such provision. Concerns have, however, been expressed that the Tuesday market is not attracting new goods traders.
24. In respect of the current operation of North Ormesby Market some criticism has been made of the appearance of the Saturday market and it was acknowledged that the 'car boot' element is, by nature, less regimented and has a less professional appearance. The car boot element of the Saturday market is, however, making a significant contribution to the market revenue and if discontinued, it is likely that the Saturday market would fail.
25. The Principal Trading Standards Officer acknowledged that there has been some criticism in relation to refuse removal costs, as these costs are significant. Current costs range from £47,000 to £51,200 annually, which equates to approximately £900 - £985 per week. Staff and plant are supplied by the Council's Area Care Team to clear away market rubbish and to clean the square and the immediate surroundings. Officers have monitored the area in response to complaints about general refuse. It was noted that some of the rubbish identified has been wind-borne market rubbish but the majority was found to have been from other sources.
26. In terms of moving to an alternative management model, the Principal Trading Standards Officer advised that a neighbouring local authority had handed over the operation of its market to a professional market provider. However, after a period of two years the market was handed back to the local authority. It was also pointed out that once a local authority has relinquished responsibility of its markets to another provider, it is generally very difficult to resume management of the market at a later date.
27. In response to a query regarding the feelings of the local community, the panel was advised that local people feel strongly about the market, as it is very much a part of

the community in North Ormesby and contributes significantly to the local economy. For example, the existence of the market contributes to the income of the local Church and local shops in the vicinity, as footfall increases on market days. Traditional markets are also recognised as important sources of affordable, high quality food. The NMTF's Shopping Basket Survey 2008 showed that, across a range of 13 items, markets are on average 6% cheaper than supermarkets, and in relation to fresh produce, markets are 32% cheaper than supermarkets.

28. The question this poses for the panel is how can the decline in 'new' traders attending North Ormesby be reversed? And can NONDET, with the support of the Council, reverse this decline?

29. The Community Regeneration Manager provided Members with information regarding a proposal received from North Ormesby Development Trust (NONDET) with a view to taking over the operation of the market from the Council. The Officer informed the panel that, in March 2014, he was tasked with evaluating the viability of the proposal.

30. At that time the panel was advised that NONDET is a registered Charity and Company, Limited by Guarantee and was originally established in 1997. It has a Board of Directors, including local residents and business people, which manage its operation and a team of staff and volunteers who deliver various projects run by the Trust. It currently delivers a number of services to the local community, including an established child care facility at the North Ormesby Community Hub, a community shop and an advice/information service for residents at the Kings Road 'info point' premises on Kings Road, incorporating community broadband provision.

TO EXAMINE HOW THE COMMUNITY ASSET TRANSFER OF NORTH ORMESBY MARKET IS TO BE TAKEN FORWARD AND ANY RISKS ASSOCIATED WITH THE TRANSFER MITIGATED

31. The panel initially received background information on the topic of North Ormesby Market in July 2014. Following that meeting, a decision was made by the Chair of the Environment Scrutiny Panel to defer consideration of the topic. The panel had been advised that a report outlining the proposal from North Ormesby Neighbourhood Development Trust (NONDET) to take over the running of North Ormesby Market was due to be considered by the Executive in August 2014. It was, therefore, considered more appropriate for the panel to revisit the topic in light of that report.

32. In December 2014 an in principle decision was taken by the Executive Member for Supporting Communities, in respect of transferring the operation of North Ormesby Market to NONDET, subject to the following conditions:-

- A process be identified which enables the smooth transition of staff from Middlesbrough Council to NONDET as part of a TUPE, secondment or buying in arrangement, addressing any potential implications through this process.
- A plan for strengthening the day to day management capacity of the organisation be agreed with the Council.

- Ongoing links be established between NONDET and the Council's Economic Development Team who will be able to provide advice and signpost to relevant areas for support.
- The Council retain the ability through an agreement with NONDET to bring the service back in-house if it is evident that the proposed transfer is not working. Clear and robust monitoring arrangements would need to be put in place to identify the circumstances in which this could be enacted.

33. The decisions were supported by the following reasons:

The proposal fulfilled key priorities for the Council in terms of:

- a) the Council seeing its role as an enabler rather than provider of services, where a suitable alternative to its own provision is available;
- b) the positive impact approval of the proposal will have on strengthening the local voluntary sector in the area and increasing the ability of local communities to self-manage; and
- c) the NONDET proposal demonstrates their ability to deliver an at least comparable and potentially improved service to that of the Council

34. A detailed account of all Council income & expenditure on North Ormesby Market for 2013/14 was included in the Executive Report as follows:-

Middlesbrough Council – North Ormesby Market - All costs 2013/14		
Description	Amount £	Notes
Income		
Cash Account differences	29.60	
Fees and charges	1,471.13	
Stall rental income	122,830.44	
Total Income	124,331.17	
Expenditure		
Pay	26,255.84	This represents the Public Protection staffing element and includes two Market staff employed 0.5FTE and 0.45FTE and a proportion of management time. Management costs account for just over £12K.
NI (ers)	1,677.49	
Pension (ers)	4,047.80	
Other Payroll Costs	1,889.52	
Pension Payments	3,572.52	
Insurance Payments	1,282.38	
Sub-total - Market & Management staff costs	38,725.55	
Electricity	263.22	
Rent	2,600	Market Office
Rates	17,073.75	
Water	225.06	
Sub-total - Utilities, Rent & Rates	20,062.03	
Street-scene Cleansing costs		
Staffing	22,000	This represents a staffing allocation of 35 hours per week Incl. on costs
Equipment & Vehicles	9,500	Incl. fuel, servicing & repairs
Waste disposal	14,500	Based on an average of 4 tonnes/week to J & B recycling

Management/Supervision	1,150	Based on 2.5% of Street-scene costs
Sub-total – Street-scene costs	47,150.00	A relatively mild winter in 2013/14 meant the need for additional frost/snow clearing was kept to a minimum, which is reflected in the costs. The planned budget for the year was £51,200
Materials	290	
Advertising	100	
Stationery	13.96	
Hired & Contracted services	2,059.83	
Computer costs	55.66	
Telephones	146.80	
Total Supplies & Services	2,666.25	
Total Expenditure	108,603.83	
Income/Expenditure + -	+15,727.34	

35. It was highlighted in the Executive report that comparable total Council income and expenditure levels for 2012/13 showed a loss of £2,284, due to lower income levels and higher staffing and cleansing costs.

36. NONDET had also provided a detailed breakdown of costs in addition to the Business Plan, which was submitted alongside that Executive report. The income and expenditure information took into account the costs associated with cleansing (approximately £51,000 had been identified for this purpose) and a copy of NONDET's forecast for income and expenditure for 2014/15 was as detailed below.

NONDET – North Ormesby Market – Forecast income and expenditure 2014/15		
with TUPE, Council waste management and with £10,000 loan		
Description	Amount £	Notes
Income		
Market Pitch Rental Income	120,058	
Capital Investment	11,000	
Marketing fee income	2,782	Based on the 107 pitches used per week and paying 50p per pitch
Total Income	133,840	
Expenditure		
Accounting fees	-750	
Administration	-1000	Estimated this provision due to having no prior costings
Business Rates	-2009	Business rates have been calculated on the basis that there is a 80% reduction in the rates due to the charitable status of NONDET
Cleaning Products	-750	The estimate for cleaning products have been made on the basis of £15 for 50 weeks
Computer Equipment	-240	
Electricity	-149	
Initial Expenditure	-3797	See initial expenditure
Insurances	-600	Insurance costs have been quoted by coversure
Legal fees	-1500	
Loan Arrangement fee	-100	
Loan Repayments and interest	-10,515	
Marketing	-5000	The marketing budget has been set at £5000 due to research into the costs involved
Miscellaneous	-1000	
Rental of Office and Toilet Facilities	-3045	Currently leased to Middlesbrough Council but

		we would seek to undertake the lease of the facilities
Telephone and Broadband rental	-360	
Waste Recharge	-51,200	Based on Waste disposal to be provided by Middlesbrough Council but will be put out for tender if successful
Sub-total – direct costs	-82,015	
Indirect Overheads (NONDeT)		
Electricity and Gas	-315	Current cost in December 2011 was £105, then projected for 12 months and divided between the four companies
Rent	-2000	The rental is based on the calculation of yearly cost of rent £8000 divided between the four companies
Telephone and Internet	-114	Currently £38 projected for 12 months and divided between the four businesses
Water rates	-123	Water rates cost in December £41 projected for 12 months and divided between the four companies
Total Indirect Costs	-2552	
Total Expenses	-84,567	
Total Staff Costs	-41,176	Current employees cost for Middlesbrough Council
Total Expenses	-125,743	
Income/Expenditure + -	+8,097	

37. It was also stated that the NONDET proposal demonstrates an income assumption similar to that of the Council in the first year allied with the ability to reduce costs over time. NONDET believes it can successfully cover the costs of operating the market in the first year at current usage levels, and still produce a surplus of around £8,000. Any trading profit, over and above that necessary to operate and develop the market, will be re-invested back into local community projects to ensure the long term viability of the organisation. NONDET is also proposing to invest £5000 in a marketing campaign in an effort to promote North Ormesby Market more effectively.

LOCAL AUTHORITY SUPPORT TO NONDET

38. The Community Regeneration Manager, Head of Environmental Services and Principal Trading Standards Officer subsequently attended a meeting of the panel in February 2015 to provide Members with further information on the transfer. A Bailey, NONDET, and A Moody, Chair of the Market Traders Federation (Middlesbrough Branch) were also in attendance.

39. The panel was advised that following the Executive Member of Supporting Communities decision on the Community Asset Transfer of North Ormesby Market the Council has worked closely with NONDET to develop an Action Plan, as attached at Appendix 1, which highlights the progress made against the conditions specified.

40. The Action Plan highlights the activity and timescales in relation to the following aims:-

- To clarify the position of the two market staff.
- Identify the cleansing plans for the market.
- Draw up agreement relating to NONDET performance in the market operation.

- Build the organisational capacity of NONDET.
- Source any available enterprise support from Middlesbrough Council and others to enhance service offer.
- Increase market use through marketing.

41. The Head of Environmental Services confirmed that the Council will continue to provide the current level of street cleansing arrangements associated with North Ormesby Market for the first full year of the transfer to NONDET. It was, however, highlighted that there are several issues that still require clarification including winter maintenance arrangements. The Head of Environmental Services added that he currently has two dedicated members of staff working in North Ormesby and that those staff members are not charged to the markets budget. It was highlighted that if the market frequency is increased, consideration will need to be given to the affect this may have on litter outside the market curtilage. It was also advised that the figure of £47,000 for cleansing costs relate directly to the removal of waste from the market.

Operating Costs for North Ormesby Market

42. It was confirmed to the panel that in 2013/14 North Ormesby market operated with a surplus. It was advised that wherever possible costs for delivering the market have been reduced and approximately £3,000 of savings were made in 2013/14 against the projected rental income. However, income generated by the Tuesday market continues to decline and trader numbers are still down. The Council's Principal Trading Standards Officer advised the panel that the aim has always been to ensure a cost neutral position. It was advised that owing to good weather conditions, which included a very good autumn and spring, not a single market day was lost in 2013/14. In 2014/15 North Ormesby Market is £2,500 short of the projected rental income.

43. In terms of income generation it was emphasised that the Saturday Market can generate an income of approximately £1000 per week in the summer months, which is good for the local authority in terms of rental income. However, it was queried by the panel as to whether the income generated by the second hand traders is good for the 'new' Saturday goods traders or the reputation of the market.

44. The point was made that given the market was in danger of closing in 2009 the increase in Saturday market income should be welcomed. However, it is important to note that when the weather is poor the Saturday income can fall sharply. The second-hand traders do not turn up to the market leaving a few regular traders (on average 10-12). The format of the Saturday market has also changed over this period towards second hand goods (commonly described as a 'car-boot' sale, although the same traders are present each week and trade from vans). As a result it is proving very difficult to attract 'new' goods traders to the Saturday market and a core base of traders remain.

45. As with the Saturday market 'new' goods traders on the Tuesday market have also reduced (from 65 – 53 over the last 5 years) and these traders are not being replaced. It was evident to the panel that from the data presented North Ormesby market is flat lining in terms of new goods traders and income generated. It is also apparent that the second-hand element of the Saturday market is generating the majority of the rental income.

46. The panel requested information in relation to the overall operating costs for North Ormesby Market over the last five years. The figures, excluding central support costs, for the five years prior to 2013/14 were provided by finance as follows:-

2013/2014 - £15,782 credit.
2012/2013 - £2,284 debit.
2011/2012 - £10,256 debit.
2010/2011 - £1,018 debit.
2009/2010 - £9,206 debit.

47. The figures indicate that the Council has successfully stabilised the market following the significant public realm investments undertaken in North Ormesby in 2011. However, the operation of the market still remains a risk to the Council. The market is vulnerable in terms of the economy and, to a lesser degree, the weather.

Doggy Market

48. The point was made by a representative from the Middlesbrough branch of the National Market Traders' Federation that North Ormesby Market is an institution, known locally as 'doggy market', and the market has been in operation for over 100 years. Despite the difficulties facing market traders, as well as retail businesses over the last few years North Ormesby Market has remained a successful outdoor market. The Executive Member for Supporting Communities acknowledged the importance of the market to North Ormesby and emphasised that the Council is keen to help the market become self-sufficient. The aim is to increase footfall and improve North Ormesby Market to ensure its long-term viability for the benefit of the community.

49. In response to a query, the panel was advised that North Ormesby market has been in decline since the late 1990s and at its peak the market attracted up to 100 traders on a Tuesday. Reference was made to the history of the market and it was advised that the late 1980s are regarded as North Ormesby Market's 'hay days'. The market has been in decline since the late 1990s.

50. In respect of clarifying the position of the two market staff it was noted that an options appraisal exercise will be undertaken to assess the strengths and weaknesses of the various options available. It is anticipated that this work will be completed by April 2015. With regard to identifying cleansing plans for the market it was noted that NONDET is committed to working with the Council's Area Care Team for the first year of operation in order to provide continuity. From year 2 onwards it may be the case that NONDET source an alternative cleansing provider. In respect of drawing up an agreement relating to NONDET's performance in market operation it was explained that performance measures have been identified as follows:-

- **Stall numbers/income levels – that these remain at least at current levels**
- **Cleansing levels – that the measurement of this aspect be covered in a service level agreement between MBC and cleansing**

- **Stakeholder / customer satisfaction levels – that a survey be carried out with stall holders and market customers six months after taking on the running of the market to allow sufficient time for arrangements to be in**

51. It was advised that the above standards are what the Council would expect to see and that the option to bring the service back in-house is retained by the Council if it is evident that the transfer is not working as hoped.

Volunteers

52. The issue of NONDET's reliance on volunteers was highlighted and the Council's Regeneration Manager advised the panel that the Council will assist in building NONDET's organisational capacity. This will include efforts to increase the number of directors and volunteers actively involved with the enterprise, building the management skills of the existing, and any new, directors and recruiting a project manager to oversee enterprise projects. Information is also being sought from other sources of enterprise support to assist NONDET in developing their long term plans. With regard to running a marketing campaign it is not envisaged that this will take place until 6 months after NONDET has taken over the management of the market. The intention in undertaking the campaign is to promote NONDET's management of the market. It will therefore be business as usual until an agreed statement on the above issues is prepared.

53. The representative from NONDET advised that she is very aware of the issues of litter, along with other environmental issues in the area, which are not associated with the market. It was also advised that in drawing up costs NONDET has accounted for chronic winter conditions. For example, in a good winter cleansing / clearance of snow costs may be as low as £47,000 whereas in a severe winter costs may increase to £51,200.

54. With regards to litter the view was expressed by the Chair of the Middlesbrough Branch of the Market Traders Association there are 12 takeaway shops located on Kings Road, which is where a lot of the litter originates. The Head of Environmental Services advised that he has additional resources allocated to North Ormesby owing to the levels of litter in that area, with £47,000 of resources allocated specifically to the market. The view was expressed that irrespective of the future arrangements one way of monitoring the effect will be to assess whether the BV195 scores for cleansing in the area comes down or increases.

55. The representative from NONDET advised that NONDET's intention is to keep the cleansing standards as high as they are now. It was acknowledged that the current arrangements work very well.

56. Reference was made to the possibility of operating the market over 4/5 days and the view was expressed that North Ormesby Market would be unable to sustain that level of frequency. However, the prosperity that the Market brings by operating 2 days per week cannot be underestimated in keeping the shops on Kings Road viable. The NONDET representative stated that NONDET is interested in trying specialised markets several times a year, for example a Christmas Market maybe one option, as oppose to increasing the weekly frequencies of the market.

57. The Chair of the Middlesbrough Branch of the Market Traders Association was invited to express his views on the proposals on behalf of the Market Traders. The Chair advised that his main concern relates specifically to what will be different for the traders under the new arrangements. At present 70 / 80 traders operate from the market and the income generated is their livelihood. It was stated that the market operates very well at the moment and when NONDET take over the management of the market this represents the unknown. Reference was made to the marketing exercise proposed and the Chair of Middlesbrough Branch of the Market Traders Association advised that he is hopeful that NONDET will be able to promote the market more effectively than the Council.
58. An observation from the panel was that it would seem that NONDET needs to be given the opportunity to take over the responsibility of managing the Market and it is hoped that with the support of the Council NONDET will be able to deliver a good service. Reference was made to whether any timescales are attached to the proposals and it was stated that it is hoped that the staffing issues can be progressed over the next few months. The three key areas of staffing, cleansing and performance are scheduled to be addressed by the spring.
59. The Council's Regeneration Manager advised that he had met with the Chair of the Middlesbrough Branch of the Market Traders Association in December 2014 and there is a need to approach the market holders and advise them that there will be no changes for them in the immediate future. The Executive Member for Supporting Communities expressed the view that is no requirement for the process to be rushed and the proposals have the potential to be very successful. However, they will take time to work through.
60. A member of the panel expressed the view that it seemed at present NONDET is unaware of the scale of the cleansing operation for the market and the full implications of what will be involved if the Council's Area Care Team does not provide the cleansing service in the 2nd year of operation.
61. The Chair made reference to one of the conditions of the transfer which stated that the Council would retain the ability to bring the service back in house if the transfer was not working and queried whether further discussion is required. The Community Regeneration Manager acknowledged that the market is part of the fabric of North Ormesby and that change will not be easy, however, with the full support of the Council NONDET does have the potential to deliver.

NONDET

62. At its meeting on 2 February 2015, the panel requested a written submission from NONDET in respect of the areas of interest identified by the panel.
63. The Chair of NONDET, A Bayley, provided a written response to the questions raised. The Council's Community Regeneration Manager attended the panel's March meeting to present the information submitted by NONDET, as detailed below:-

- a) That the panel be provided with further information about NONDET's proposals for the future operation of the market.**

64. NONDET recognises the significant part played by the market in contributing to the identity of North Ormesby, historically and currently, and that it is a focal point for community pride. NONDET intends to raise the profile of the market and sees this as being central to the success of North Ormesby. NONDET has already established three successful community-run businesses in North Ormesby and any profits are re-invested back into the local community.

65. NONDET's vision for the operation of the market is to increase footfall and ensure a variety of stalls operate at the market. NONDET consider this could be achieved using the following three key objectives:-

- Excellent day to day management of the market and its operation.
- Successful cleansing of the market and the surrounding area.
- Understanding and growing the customer base.

66. In terms of the operation and day to day management of the market, NONDET intends to recruit a Project Manager to oversee the market and staff and work on its long-term development. It is hoped that the two existing market staff (currently employed by the Council) will continue to work on the market once NONDET formally take over the operation of the market. It was highlighted that NONDET's Business Plan identifies a clear financial budget for the successful operation of the market employing the two staff detailed above.

67. NONDET intends to establish processes to address any poor practice or rule breaking amongst stall-holders and will consult with Middlesbrough Council to help inform the nature of these processes.

68. In relation to the cleansing of the market and surrounding area, NONDET is aware of how critical it is to ensure the current high standard of cleanliness is maintained. NONDET intends to contract the cleansing service to Middlesbrough Council for the first year and, in subsequent years, is committed to maintaining the same high levels of cleanliness but will investigate other avenues and costings.

69. In terms of understanding and growing the customer base, NONDET proposes to carry out a survey with stall holders and market users, six months into the operation of the market. The aim is to identify potential areas for development such as the diversity and range of goods and services on offer. NONDET has identified the sum of £5,000 in its operational budget to assist with marketing and promotion of the market which will be utilised once the results of the survey are known.

b) To obtain NONDET's views on the support the organisation has received from the Council, to date, and whether the support offered could be strengthened further.

70. NONDET feel that they received little support initially. However, the Council's Community Regeneration Manager has been supportive and helped in guiding NONDET in the preparation of its proposals. NONDET indicate that it will seek support from the Council's Business Support Team in the months ahead, prior to the transfer of the market. NONDET will also seek further advice from the Council in relation to the cleansing and regulatory elements.

c) To obtain NONDET's views on the quality of the market in its present form and how it sees the market developing over the next three years.

71. NONDET considers that the general quality of the market offer has deteriorated over the last three or four years with the introduction of the second hand goods stalls on the Saturday market. NONDET acknowledge that this is linked to both local economic circumstances and the reduction in traditional market stall holders but believes that this is not an irreversible trend.

72. NONDET advise that it will provide local management of the market which would be beneficial. It will address the long term decline of trader numbers and intends to introduce some speciality events and use the market as a base for up and coming entrepreneurs.

73. NONDET also provided a brief outline of its key milestones in the first three years of the market's operation, as follows:-

Year 1 – Recruitment of staff, establishing the day to day management and operation of the market, carrying out survey with market users and stall holders.

Year 2 – Promotion of the market to increase footfall and stall holder take up, introduction of social enterprise and community stalls.

Year 3 – Re-survey market users and stall holders on views of change within the market, explore potential for new and different forms of market.

74. In response to a query, it was confirmed that detailed discussions between NONDET and the Council still needed to take place in relation to the cleansing arrangements. The existing arrangements will continue for the first year and cleansing will be delivered by the Council. Any changes to the cleansing provider after the first year will need to ensure that current cleansing standards are maintained.

CONCLUSION

Based on evidence given throughout the investigation the Panel concluded:

- a) It is evident to the panel that the role of the local authority in service delivery is changing significantly and as a result alternative delivery models for the provision of non-statutory services are required. Significant investment was undertaken in North Ormesby in 2011 and following that investment management of North Ormesby Market (2011/12 to 2013/14) has successfully established a cost neutral position.
- b) North Ormesby market is, however, flat lining in terms of new goods traders and income generated. It is apparent that the second-hand element of the Saturday market is generating the majority of the rental income. It is also evident to the panel that alternative delivery options for the future management of North Ormesby Market had to be considered. The delivery model approved is recognised as being of particular use for small markets that do not generate large profits but help sustain local communities. North Ormesby Market fits well with this profile.

- c) The panel is keen to see NONDET succeed in taking over the management of North Ormesby Market and in attracting 'new' goods traders. The panel is of the view that in the current climate this will prove challenging for NONDET, as it has for the Council. However, in other areas of the country Community Interest Companies (CICs), not for profit organisations and volunteers have been successful in taking over the management of their local markets.
- d) The introduction of new events, for example, the annual winter lights – an illuminated light show in the grounds of the local church with carol singing, mulled wine and hot food, as well as other initiatives such as planting hundreds of sunflowers in plant pots, old wellies and tea cups volunteer operated West Norward Market has become a celebration of the diversity, talent and entrepreneurial skills in the area. The development of the Teenage Market has also afforded young people with the opportunity to display their creative talents, adding a new, young and fresh input to markets across the country. Elements of these events could be looked at for North Ormesby Market.
- e) The panel has no issue with the principle of transferring the management of the market to a voluntary sector organisation. However, the panel is of the view that further work is needed in respect of consultations, negotiations and expectations. The panel is delighted that the market has been in operation for over 100 years and the undercurrent of the market being managed by a local voluntary sector organisation should not be inhibited. The inclusion of a caveat that the Council retains the ability to bring the service back in-house, if it is evident that the transfer is not working, gives confidence to the panel that the risks associated with the transfer are being mitigated.
- f) The importance of North Ormesby Market to the area cannot be underestimated. The market has a significant role to play in ensuring the viability of the local shops and is also an important source of high quality, fresh, affordable food. It is in the town's interest to ensure that the market is supported and NONDET is successful in taking over the management of the market. NONDET has set aside a budget of £5000 for undertaking marketing activities and the panel is hopeful that this investment will generate interest from new goods traders, as well as increase market footfall.

RECOMMENDATIONS

That the Environment Scrutiny Panel recommends to the Executive:

- a) That the panel be provided with quarterly updates in relation to progress of the transfer of the operation and management of North Ormesby Market to NONDET, particularly in relation to the issues of staff transfers, cleansing arrangements and promotion of the market.
- b) That quarterly meetings be held between NONDET, the Chair of the Market Traders Federation and the Council (involving the Community Regeneration Manager, Principal Trading Standards Officer and Head of Environmental Services collectively) to ensure progress is made against the action plan and NONDET receives the full support of the Council.

- c) That monitoring arrangements be undertaken to ensure cleaning and waste disposal arrangements are maintained at the current high standard following the transfer of the market.
- d) That NONDET establish links with Teesside University (including with the Head of Enterprise and the Head of the Student Union), Middlesbrough College and Cleveland College of Art and Design to generate interest in young people hosting a Teenage Market in North Ormesby.
- e) That NONDET establish links with the Love Your Market event and Mission for Markets Roadshow to develop NONDET's awareness of the key challenges and opportunities facing the market sector at this time.

ACKNOWLEDGEMENTS

The Panel is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

Councillor Brenda Thompson, Executive Member for Supporting Communities
 Martin Harvey, Community Regeneration Manager
 Jim McCluskey, Principal Trading Standards Officer
 John Wells, Public Protection Operations Manager
 Keith Garland, Head of Environmental Services
 Ann Bayley, Chair of North Ormesby Neighbourhood Development Trust
 Arthur Robert Moody, Chair of the Middlesbrough Branch of the Association of Market Traders Federation

COUNCILLOR PETER PURVIS CHAIR OF ENVIRONMENT SCRUTINY PANEL

June 2015

Contact: Caroline Breheny
 Scrutiny Support Officer, Legal and Democratic Services
 Telephone: 01642 729752

BACKGROUND PAPERS

The following background papers were consulted or referred to in the preparation of this report:

- (a) Markets 21Report - The Retailer Markets Alliance (RMA) 2009
- (b) Market Failure? Can the traditional markets survive? – Communities and Local Government Select Committee 2008/09
- (c) The Portas Review - An independent review into the future of our high streets, Mary Portas, December 2011
- (d) Why our high streets still matter - A think piece by Mary Portas - May 2014
- (e) Executive Report 2009, North Ormesby Market
- (f) Executive Report 2014, Community Asset Transfer North Ormesby Market
- (g) Minutes and papers submitted to the Environment Scrutiny Panel 14th July, 2nd February and 16th March.