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| <b>Subject:</b>                       | Rawtenstall Market Management Tender   | <b>Status:</b>                             | For Publication                          |
| <b>Report to:</b>                     | Full Council   | <b>Date:</b>                               | 26 <sup>th</sup> February 2020           |
| <b>Report of:</b>                     | Director of Economic Development   | <b>Portfolio Holder:</b>                   | Regeneration and Economic Development    |
| <b>Key Decision:</b>                  | <input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception <input type="checkbox"/> | Special Urgency <input type="checkbox"/> |
| <b>Equality Impact Assessment:</b>    | Required:  | No   | Attached: No                             |
| <b>Biodiversity Impact Assessment</b> | Required:  | No   | Attached: No                             |
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| <b>1.</b> | <b>RECOMMENDATIONS</b>  |
| 1.1       | To approve the holding of an open competition for the ongoing management of Rawtenstall Market for up to 10 years.  |
| 1.2       | To authorise the Director of Economic Development in consultation with the Portfolio Holder to assess and award the tender to the most advantageous bid.      |
| 1.3       | To approve a budget of up to £10,000 from the employment and transport reserve for the legal, professional and advertising fees associated with this process. |

**2. PURPOSE OF REPORT**

2.1 To seek members approval to hold an open competition to assess the suitability of tender proposals and award an up to 10 year lease for the ongoing management of the site following an evaluation process.

**3. BACKGROUND**

3.1 Background

The current market hall in Rawtenstall was opened in 1906 with Thursday and Saturday as the designated traditional opening days. The site consists of a traditional covered market hall, a front area that has cabins in an open environment as well as a rear car parking area.

Since 1906 the retail environment has changed considerably reflecting wider social and lifestyle changes. Increased competition from discount supermarket chains and the internet have added further pressure on the traditional business model. However, markets that have adapted and changed have proved that revised markets have a place in the modern retail environment. Shoppers are increasingly seeking an authentic experience and have embraced markets that sell products that they cannot buy in the mass market shops. Typically, homemade, organic and niche products as well as special events have proved to be successful in attracting shoppers. An example of revised markets is in Altrincham, Trafford; following extensive refurbishment it now incorporates regular design, food, vintage and craft specialist markets as well as other themed markets five days per week. The aim is not to exclude existing traditional traders or shoppers but to add new and additional offers that attract new people.

3.2 Investment and Management Tender process in 2018

Council approved the investment and management tender for a long lease agreement in December 2017, see background document. The aim was to secure much needed capital investment into the site as well as renewing the vision and management arrangements. The advertisement process attracted several interested bidders but we were verbally informed that the level of capital investment that would have been required put them off from making a

formal bid.

An initial agreement for a 12-month pilot period was approved by Council in March 2019, see background document. This is scheduled to operate from May 2019 until May 2020.

Under the management of the Clog Market significant changes have been implemented to improve the appearance and visitor offer. This has included the removal of some stalls at the front to open up the frontage from the adjacent roads, change to traders payment arrangements and rent reviews, the holding of more specialist events, improved food and drink offer and the reordering of stalls inside the market hall.

The improvements have been credited as improving the image and reputation of the site, improved footfall, increased stall occupancy levels and better social media presence.

Discussions have taken place with the Clog Market and they have indicated that due to personal circumstances they do not wish to seek an extension of the initial pilot period.

### 3.3 Management agreement with the Clog Market and pilot period

After concluding the 2018 bidding process discussions continued with the interested bidders who had not submitted a formal bid. Discussions with the Clog Market were particularly productive and it was felt that a management only agreement that excluded capital investment would still be able to make significant progress in modernising and raising the public profile of the market.

### 3.4 May 2020+ proposal

Building upon the success and proven delivery mechanism established by the Clog Market's management agreement. It is proposed in this report to offer an up to 10-year management agreement following an open tender exercise. This will be subject to a break clause at year 5 and will only be extended following a review of the performance. Any extension beyond the initial 5 years will be at the sole discretion of the Council.

This will see the market run by an external management company who will be responsible for all day to day operations of the site, the development of a vision and business plan, marketing and promotion, events and activities schedule as well as minor maintenance. The Council will remain responsible for structural maintenance as well as monitoring the performance of the management agreement and will retain ownership of the site.

The aim for Rawtenstall is to seek an experienced private sector partner who will oversee the continued modernisation of the facility. The Council is seeking a vibrant multipurpose space that is open longer and on more days, that attracts existing and new visitors and ensures that it remains at the heart of the community for future generations.

The bidder will need to ensure that existing traders who have been consulted as part of this current proposal are considered. A summary of the consultation results will be included in the tender pack. Tenderers will need to submit an existing traders plan which will be assessed as part of the evaluation criteria. It is possible that an existing trader or group of traders could make a tender submission.

Tenderers will be required to submit the amount in rent that they would be willing to pay per annum with a minimum of £20,000 set by the Council. They will also be required to offer the Council 10% profit share on an open book accounting basis.

### 3.5 Tender

An open competition will be held which will draw in interest from a range of businesses. Each will be required to submit detailed documentation that includes:

- Concept vision and innovation document
- Full business plan
- Financial projections
- Evidence of financial suitability
- Management structure
- Existing trader's transition and incorporation plan
- Events plan
- Rent and profit dividend percentage payments schedule
- Methodology for calculating net profit
- Ethical compliance statement

These documents will be rigorously tested and evaluated. Those meeting the essential applicant criteria will then be assessed by the selection panel who will score the bids. The successful applicant will then receive a management agreement for the property with performance management targets and break clauses. They would then be able to implement the vision and business plan for the site from May 2020.

### 3.6 Performance management

A condition of the competition and subsequent lease agreement will be the adherence to key performance management targets. The managing tenderer will be required to submit to the Council regular performance statistics as well as granting regular access for Council officers to conduct their own surveys. The performance measures will cover the following areas:

- Levels of footfall (verified by counters)
- Opening days/hours
- Store holder occupancy rates
- Lease payment and % profit schedule
- Number of events held

### 3.7 Timescales (estimated)

| Deadline | Activity  |
|----------|---|
| 02.03.20 | RBC advertises this tender opportunity on its website, address <a href="http://www.rossendale.gov.uk">www.rossendale.gov.uk</a> as well as Contract Finder. |
| 20.03.20 | Deadline for raising clarifications in respect of the Lease terms and for raising requests/queries of the tender documents.                                 |
| 03.04.20 | Deadline for the submission of ITT responses (12 noon).   |
| 17.04.20 | Evaluation of ITT responses completed.  |
| 17.04.20 | Intention to award notice issued  |
| 01.05.20 | Standstill Period ends  |
| 04.05.20 | Successful Tenderer announced.  |
| 15.05.20 | Successful Tenderer to have signed and completed the Lease.   |
| 18.05.20 | Commencement of the management agreement  |

### 3.8 Assessment criteria and process

Each applicant will be required to provide comprehensive evidence and supporting documentation. These will be independently scored by the review panel which will consist of officers and the Portfolio Holder.

The up to £10,000 legal, advertisement and professional fees will enable external professional analysis of the tenders to take place should it be required and for a comprehensive management agreement to be produced.

### 3.9 Other discounted options

Council takes back direct operation: This would reflect the situation before May 2019. In discussions with traders this is not a popular option and would not bring the renewed vision that the market requires in order to develop further.

Sale of the site to a market provider: The Council wishes to retain ownership and control of this strategic asset at the current time.

### 3.10 Summary

This process puts in place the framework to attract a suitable partner and ensures that the necessary safeguards are in place to hold a full and fair competition. It is envisaged that a dynamic and ambitious private/ third sector partner will be established to take forward the modernisation of the business and visitor offer at Rawtenstall Market. This will ensure that the market remains a thriving business and community asset.

## 4. **RISK**

4.1 There are several risks associated with this proposal which are set out below:

- No suitable application is received or we fail to appoint a suitable candidate  
The tender opportunity will be advertised in suitable trade and web based business media and should be an attractive proposal. In the event of no suitable bidders coming forward then the process may need to be extended, reviewed or adapted.
- The successful applicant fails to deliver what is stated in the bid  
Strict performance measures will be built into the lease agreement relating to opening hours, events and footfall. Failure to achieve targets will be raised at regular quarterly meetings and will be monitored to ensure that they are achieved. In the event of a serious or persistent breach, the Council could terminate the agreement.
- The successful applicant cannot make the renewed vision profitable  
Rawtenstall Market and town centre has seen strong growth in recent years and have seen events and themed markets attract high footfall. As such it is anticipated that the new activity at the market brought by a management company would be well supported, bringing profit. If financial loss occurred at stipulated break clauses the lease would be able to be returned to the Council.
- The successful applicant stops trading  
As part of the tender assessment process a review of the finances of the applicant would be carried out by the Councils finance team, mitigating this risk. If this did occur during the contract, then it is likely that a new competition would be held and transitional arrangements implemented.
- The tendering process takes longer than anticipated and no one is appointed before May 2020.  
The tender timetable is very tight and this should be considered as a high risk. Every effort will be made to appoint a successful applicant within the timescale but if this is not achievable it may be necessary to initiate temporary transitional arrangements with Operations taking over responsibility as per the situation prior to May 2019.

## 5. **FINANCE**

5.1 The £10k highlighted in the report will be funded through reserves. The financial impact of not securing a managing agent, or of the managing agent failing within the contract period could be significant.

**6. LEGAL**

6.1 The tender process will need to be carried out in accordance with the Council's Constitution and public contract regulations. Following all due diligence the management agreement will be prepared with ongoing monitoring of the same.

**7. POLICY AND EQUALITIES IMPLICATIONS**

7.1 No implication or comment.

**8. CONCLUSION**

8.1 This report seeks Members approval to hold an open competition to assess the suitability of tender proposals and award an up to 10 year lease for the ongoing management of the site following an evaluation process.

| Background Papers                |   |
|----------------------------------|---|
| Document                         | Place of Inspection   |
| December 2017 Council report: C4 | <a href="https://www.rossendale.gov.uk/meetings/meeting/1009/council">https://www.rossendale.gov.uk/meetings/meeting/1009/council</a> |
| March 2019 Council report : C2   | <a href="https://www.rossendale.gov.uk/meetings/meeting/1100/council">https://www.rossendale.gov.uk/meetings/meeting/1100/council</a> |