

The Highland Council

City of Inverness Area Committee – 3 March 2016

Agenda Item	9
Report No	CIA/11/16

**Victorian Market, Inverness – Action Plan – Market Management
Inverness Common Good Fund**

**Joint Report by the Director of Development and Infrastructure and the
Inverness City Area Manager**

SUMMARY

At the meeting of the City of Inverness Area Committee (CIAC) held on 28 January 2016,

http://www.highland.gov.uk/download/meetings/id/69637/item_6_victorian_market_inverness_%E2%80%93_action_plan_%E2%80%93_market_management

Members agreed that;

a report be produced for the next City of Inverness Area Committee which covered:-

- (a) setting up a Stakeholder Group including Local Councillors, businesses, traders and neighbouring traders;
- (b) a Charrette-style event;
- (c) a report on options for the Common Good Fund to engage a retail property in-house manager;
- (d) a timeline to conclude these activities and consultations to be completed within a six month period; and
- (e) a Seminar be held in order to establish the Committee's vision for the Victorian Market.

This report updates Members on the preparation of the above with the Committee being invited to :

- (i) confirm the membership of the Stakeholder Group
- (ii) appoint the Provost and one CIAC representative from each Political Group to join the Stakeholder Group; and
- (iii) note that the first meeting of the Stakeholder Group will take place this April, with update reports being presented to CIAC with a final report being planned for the CIAC set for 1 September 2016.

1. Introduction

1.1 The Victorian Market (The Market) is an Asset of the Inverness Common Good Fund – The Market is held on the account of the Inverness Common Good Fund (the Fund) and is managed by the Council on behalf of the Fund. The Council is under a duty to ensure that Fund assets are

managed efficiently and effectively to produce a Market Value rate of return. At present, Council resources are targeted on:

- managing the tenancies so that they produce a Market Value rate of return;
- managing the daily operation of the market through the provision of daily Facilities Management services; and
- ensuring that the fabric and structure of the Market is maintained. This involves allocating significant sums for capital projects such as the recent renovation of the roof.
- The Market Stakeholder Group will require to be underpinned by the above so that any recommendations it makes are based on the duty of care that the Council has to ensure the long term sustainability of the Market as an asset of the Fund.

2 Membership

2.1 The discussions with Traders to date have been designed to build confidence in the Council's determination to have meaningful Stakeholder engagement. The Stakeholders to date have been:

- the Council;
- Market Traders;
- adjacent businesses;
- Inverness Business Improvement District;
- Federation of Small Businesses; and
- Inverness Chamber of Commerce

2.1 It is suggested that the Market Stakeholder Group be structured as follows;

- The Council – The Provost and one CIAC representative from each Political Group, plus one Central Ward Councillor. The Principal Advisor would be the Inverness City Area Manager.
- Market Traders – One representative from each of the following:
 - the Academy Street Arcade,
 - the Fish Market
 - the Market Hall
 - the Queensgate Arcade (Privately Owned)
- Adjacent Businesses - Inverness Business Improvement District to nominate 3 Business Representatives, one each from
 - Academy Street
 - Queensgate; and
 - Union Street
- The Inverness Chamber of Commerce – one representative
- The Federation of Small Businesses – one representative

- Inverness Business Improvement District

3 Charette

3.1 This will be designed with the help of the Development Plans Manager and will be the subject of discussion at the first Market Stakeholder Group meeting.

4 Options for consideration

4.1 The Committee decided to focus on the options for employing an in-House Manager. As part of this process, we will need to assess the viability of accessing professional support from private sector specialists to inform the Stakeholder Group on options. Without this, it will not be possible to provide a fully inclusive view on viability.

4.2 At the core of any option will be the funding model as there needs to be a sustainable pathway which, will not prejudice the legal obligation on the Council to produce a sustainable income stream from this Fund asset **Appendix 1** is a schedule of the current income and costs associated with the operation of the Market.

4.3 It will be essential to consider a Framework for Management. This would include the provision of services for;

- i) Marketing Plan – The Study confirms that this should be included within the Tender.
- ii) Facilities Management – the need for operational management arrangements to be set up in the most effective manner.
- iii) Tenancy management – the need to ensure that the Tenants' lease arrangements undergo a phased change over a period of 3 to 5 years to reflect the inclusion of a Service Charge. The aim is to provide a sustainable base for an on-going programme of investment for the long-term benefit of the Fund and the businesses within the Market.

4.4 The above will be required in order to understand and build a Business Case for delivering any of the Vision options that may flow from the Charette.

5 Seminar

5.1 The draft Business Model which would underpin the Vision, would then be presented to the CIAC first at a Members Briefing, and then at a meeting of the CIAC, planned for 1 September 2016.

6 Terms of Reference

The suggested remit for the Market Stakeholder Group which would be a short life stakeholder group to be disbanded once the Business Model was agreed by the Council would be to;

- agree a draft Action Plan/Business Model (which would be subject to the approval of the CIAC);
- apply the decisions of the CIAC in respect of the development of a Business Model for the Market;
- provide a framework for project content in line with the objectives of the legal duties on the Council to Common Good Funds, Council's Programme and planning policies;
- identify opportunities for youth training and employment and provide outcomes for local people linking in with the development of business vibrancy and where practicable, the Council's Employability Action Plan;
- scrutinise all aspects of the development of the Business Model with the power to request reports on project progress and on revenue budget spend relevant to the governance of the CIAC;
- provide a governance link to the CIAC – through reports by the Inverness City Area Manager on progress as appropriate.
- agree options for public engagement to enable effective community involvement as appropriate; and
- agree the membership and meeting schedule of Market Stakeholder Group.

5. Next Steps

- 5.1 Stakeholder engagement once the format is agreed, will be important to maintain consistency through the period of change and the City Area Manager will lead on regular Stakeholder meetings to introduce proposals and listen to feedback.
- 5.2 It is recommended that the City Area Manager proceeds as set out within this report keeping Stakeholders appraised. Other adjacent projects and integration with the City Centre Development Brief will be led through the Inverness City Task Force. Reports will be taken to the CIAC detailing progress on the Action Plan.
- 5.3 Proposals to improve the marketing of the Victorian Market and the development plans to improve entrances and the interior, continue to be the immediate priority.

6. Project Management

- 6.1 The process will be led by the City Area Manager. This will involve regular progress reports being made to the CIAC. Other Stakeholders will be kept informed.

7. Implications

7.1 Legal

The Council will continue to meet all its legal obligations under the terms of any contracts agreed and processes will comply with the Council's Financial Regulations and Contract Standing Orders. The agreement of Council may be required for final approval of the acceptance of a Tender. This will be confirmed when returned Tenders are evaluated.

7.2 Climate Change

All contracts will be managed in a manner which meets the Council's obligations in relation to climate change.

7.3 Resources

7.3.1 The costs of the potential Business Models will be assessed and **Appendix 3** details the Running Costs for the Market set for the last five Financial Years.

7.3.2 Prior to approval being sought from this Committee to the letting of a Facilities Management Agreement, a Business Case will be prepared drawn from the recommendation from the Market Stakeholder Group, detailing the financial model being applied. This will ensure that the Fund produces a stable financial 'Market Value' return for the principal benefit of the Residents of the former Burgh of Inverness.

7.4 Rural

The proposals detailed in this report will potentially attract private sector investment and promote job growth and help support the landward areas surrounding the City.

7.5 Risks

7.5.1 The Business Model should be prepared giving keen attention to the points highlighted by the Charette and the need to provide for a sustainable model. The risks identified, range from the need to detail management responsibilities, to being clear about expectations on developing the tenancy mix and Market Brand. Ensuring that the Business Model is correctly prepared will also reduce the risk to income and preserve the reputation of the Council. The need to maintain the confidence of the Tenants will be met by phasing in any changes, ensuring that Tenants are engaged and able to contribute their thoughts.

7.5.2 The method of implementation will be crucial to maintaining the future viability of the Market and improving the return to the Fund. This process will include ensuring that advice and support is offered to Business Start-ups and Micro Businesses. It is planned to open

discussions with Business Gateway on how best this could be achieved.

7.5.3 Importantly, there is potential for the Market to fulfil its role in the development of a vibrant City Centre as envisaged by the City Vision and City Centre Development Brief.

7.5.4 Client liaison will be a key consideration for the Market Stakeholder Group and the City Area Manager will ensure that this process is designed in consultation with relevant stakeholders to ensure that governance lines and responsibilities are clear to all parties and in particular, that change is managed effectively, with update reports to the CIAC. This will include regular liaison with the Provost and Central Ward Members.

7.6 Gaelic and Equality

There are no known Gaelic or equality implications arising from this report

8. Conclusion

8.1 The aim will be to provide a Business Model which, if adopted, will allow for the benefits of specialist facility management and promotion services, to complement the existing high standards of tenancy management provided by the Development and Infrastructure Service.

8.2 Approval of the recommendations will give officers authority to convene a new short life Market Stakeholder Group. This will be achieved in compliance with the Councils Financial Regulations and Contract Standing Orders. The preferred Business Model will be evaluated by officers and then if appropriate, the Committee will be invited to approve. The recommendation will be supported by a Business Case which will detail any risk implications.

RECOMMENDATION

Members are invited to:

- (i) agree the membership of the Market Stakeholder Group
- (ii) appoint the Provost and one CIAC representative from each Political Group to join Stakeholder Group; and
- (iii) Note that the first meeting of the Market Stakeholder Group will take place this April, with update reports being presented to CIAC with a final report being planned for the CIAC set for 1 September 2016

Designation: Director of Development and Infrastructure and the
Inverness City Area Manager

Date: 1 February 2016

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