

**Economy, Skills,
Transport and Environment
Scrutiny Board**

**Tuesday 18 July, 2019 at 5.30 pm
in Committee Room 1
at the Sandwell Council House, Oldbury**

Agenda

(Open to Public and Press)

1. Apologies for absence.
2. Members to declare:-
 - (a) any interest in matters to be discussed at the meeting;
 - (b) the existence and nature of any political Party Whip on any matter to be considered at the meeting.
3. To confirm the minutes of the meeting held on 11 June, 2019 as a correct record.
4. West Bromwich Indoor Market – Redevelopment proposals and investment options.
5. Inclusive Economy.

Date of next meeting: 26 September, 2019

D Stevens

**Deputy Chief Executive and Director Adult Social Care,
Health and Wellbeing**

Sandwell Council House
Freeth Street
Oldbury
West Midlands

Distribution:

Councillors Allcock, Cherrington, Chidley, Crumpton, Eaves, L Giles,
Hackett, Padda, Rollins, Sandars and Worsey.

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Economy, Skills, Transport and Environment Scrutiny Board

Apologies for Absence

The Board will receive any apologies for absence from the members of the Board.

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Declaration of Interests

Members to declare:-

- (a) any interest in matters to be discussed at the meeting;
- (b) the existence and nature of any political Party Whip on any matter to be considered at the meeting.

**Minutes of the Economy, Skills, Transport and
Environment
Scrutiny Board**

**11th June, 2019 at 5.30 pm
at Sandwell Council House, Oldbury**

Present: Councillor Rollins (Chair);
Councillor Sandars (Vice-Chair);
Councillors Crumpton, Eaves, Hackett, Padda
and Worsey.

Apologies: Councillors Allcock, Cherrington, L Giles and
M Hussain.

In attendance: Dr Alison Knight, Executive Director,
Neighbourhoods;
Alan Caddick, Director – Housing and
Communities;
Amy Harhoff, Director – Regeneration and
Growth.

9/19 **Minutes**

Resolved that the minutes of the meeting held on 7th
March, 2019 be approved as a correct record.

10/19 **Work Programme 2019 - 2020**

The Board received a presentation from the Executive Director – Neighbourhoods, the Director - Regeneration and Growth, and the Director – Housing and Communities which highlighted the priorities for the Neighbourhoods Directorate for 2019-20 and beyond.

The Executive Director and Directors outlined the major programmes and schemes that were underway, or being planned, to deliver improvement schemes to:

- key network routes;

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- transport and metro networks;
- work with the business community;
- work on regeneration and housing development; and
- to offer a wide range of activities and services to make sure that Sandwell towns and communities were thriving places.

The Director of Regeneration and Growth highlighted the following priorities for the directorate: -

- Development Planning;
- Spatial Planning, Regeneration and Business Growth;
- Strategic Land and Assets;
- Highways.

The Director of Housing and Communities highlighted the following as priorities: -

- Housing Management (Tenancy Management, Community Safety, Income Management, Welfare Rights etc.)
- Asset Management and Maintenance;
- Tourism, Culture and Leisure (Libraries and Museums, Sports and Leisure, Sandwell Valley, Events);
- Commercial Services (Waste, parks and greenspaces).

The Board welcomed the work and development that was being undertaken by the Neighbourhoods Directorate to develop, support and plan services to deliver the ambitions of the vision by 2030.

The Executive Director – Neighbourhoods suggested potential areas where scrutiny of the issue would be valuable: -

- Parking charges across Sandwell;
- Birchley Island scheme;
- Inclusive Growth Deal;
- Community Wealth Building.

The Board received a presentation from the Director – Education Employment and Skills which highlighted the priorities for the Education, Skills and Employment Directorate. He emphasised that newly formed Careers and Employment Service brought together the following services for all age groups: -

- upskilling the local population;
- independent advice and guidance for young people;

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- work experience and apprenticeships;
- access to adult learning.

The Board was advised that over recent years Sandwell had planned and retained resources for skills and employment services to help people into work. The Director indicated that other authorities had made savings and cut back on employment and skills services.

The Board was informed that savings had been made in Sandwell by pulling together teams working on the skills and employment agenda, and that the 'Careers and Employment Service' had been introduced which had realised savings of £250,000 as a result of the restructure.

The Board was advised that the 'Think Sandwell' service and brand supported businesses to develop and grow in Sandwell.

'Think Sandwell' brand consisted of the following themed areas:

- Think Careers
- Think Work Experience
- Think Skills
- Think Apprenticeships
- Think Training
- Think Employment

The Board was advised that the next six months focus for the Careers and Employment service was: -

- to continue to develop the 'Think Sandwell' brand. Any person, young or old, any business, school or partner could access the Think Sandwell website to access information and services;
- to make good usage of the Adult Education Budget to enhance adult learning. By increasing the number of learners, the funding would also increase.
- To increase development and uptake of apprenticeship routes at lower and higher levels.

The longer-term focus was: -

- to increase the level of apprenticeships and the number of opportunities for young people with learning disabilities who are in paid employment;

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- to reduce the number of people not in education, employment or training (NEETS) especially in the 25-29 age bracket;
- to reduce numbers of the most disadvantaged young people who are NEET;
- to increase the proportion of Sandwell population who have recognised qualifications for work.

The Chair outlined guidance for members new to the scrutiny process and to the scrutiny board. She indicated the following:-

- that members read papers in advance of the meeting;
- that members indicate when they want to speak and speak through the Chair, and that she would indicate who would speak next;
- that she would encourage people to contribute;
- that members should consider the scrutiny priority tool;
- that when an item impacts on the remit of more than one scrutiny board it would be referred to the Scrutiny Management Board to ensure cross over between Boards and determine the most appropriate method to consider the item.

Due to the wide remit of the Scrutiny Board the Chair indicated that she would split the members into two groups and that the groups should meet to consider the item briefs for items they identified for the work programme. Members were allocated places as follows: -

- Economy and Skills:
Councillors Allcock, Cherrington, L Giles, Padda.
- Regeneration, Transport and Environment:
Councillors Crumpton, Eaves, Hackett, Hussain, Worsey.

Members considered the report and presentation to identify items for inclusion in the work programme 2019-20. The following items were listed: -

- West Bromwich Indoor Market – consultation process;
- Midland Metro and town centre revitalisation;
- the West Midlands Combined Authority - developing an Industrial Strategy and a Local Industrial Strategy;

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- looked after children (LAC) - care leavers into employment (also consider good practice at Leeds Council);
- invite partners to update the Board on their work and hold them to account;
- housing developments – consider potential for joint working to consider how the regeneration and skills agenda fit with the affordable housing and housing shortage;
- family learning - upskilling parents and school readiness, making schools ready;
- ambition 4 of the Vision 2030 – Our children benefit from the best start in life and a high-quality education, and ask who contributes to make that a reality;
- opening discussion and relationship building between schools and businesses;
- Commonwealth Games and links to work at A34, Scott Arms;
- Connexions Sandwell Guarantee – funding comes to an end in 2019, there should be a total in the Autumn and request a report to September meeting;
- transport – metro extensions;
- transport – Sprint hybrid vehicle (Sprint);
- street lighting – an update of the roll out (including white lights and concrete standards);
- ‘Business Ambassador’ programme;
- ‘Think Sandwell’ launch;
- Birchley Island – Green Waste Strategy;
- canals - transport/ regeneration.

The Chair indicated there were plenty of suggestions coming from the room and that the Board should use the scrutiny prioritisation tool, attached to the report, to focus on one or two items which they felt would have most impact.

The Board was advised that there would also be pre-decision scrutiny of key decisions to be considered by the Cabinet, such as: -

- Green Space Strategy;
- Cycling Strategy.

The Board highlighted the following items for inclusion in the work programme:

- Cycling strategy (July)

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- Sandwell Guarantee (September)

The Board discussed the long list of items highlighted and indicated that the items emerging from the list as priorities and for further scoping were: -

- Think Sandwell;
- Birchley Island (scheme, funding, across the Borough);
- parking charges across Sandwell;
- metro stations.


The Chair thanked everyone for their contribution at the meeting and advised that she would work with officers to prepare the work programme for the Economy, Skills, Transport and Economy Scrutiny Board 2019-20.

(Meeting ended at 6.55 pm)

Contact Officer: Deb Breedon Democratic Services Unit 0121 569 3896

REPORT TO ECONOMY SKILLS TRANSPORT AND ENVIRONMENT SCRUTINY BOARD

18 July 2019

Subject:	West Bromwich Indoor Market Redevelopment Proposals and Investment Options
Cabinet Member:	Councillor Bob Lloyd - Cabinet Member for Inclusive Economic Growth
Director:	Director of Regeneration and Growth – Amy Harhoff
Contribution towards Vision 2030:	
Exempt Information Ref:	The information contained in this report is not exempt from publication.
Contact Officer(s):	Gerry Ritchie, Markets & Town Centres Group Manager, gerry_ritchie@sandwell.gov.uk

DECISION RECOMMENDATIONS

That the Economy Skills Transport and Environment Scrutiny Board:

1. Note the decision of Cabinet 26 June 2019 to consult with a range of stakeholders, experts and Directors to develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report.
2. Consider the report and comment on the future development of the indoor market and any other matters that that should be factored into the feasibility study and options appraisal.
3. Agree to receive the final option appraisal for redevelopment of the indoor market prior to Cabinet decision in twelve months time.

1 PURPOSE OF THE REPORT

1.1 The Board is asked to consider the content of the Cabinet report 26 June, 2019 (at appendix 1);

2. **BACKGROUND**

2.1 The West Bromwich Indoor Market is currently trading profitably but has lost traders in recent years and this rate of loss has accelerated in the last two years. There are many factors that have contributed to the decline in trader numbers including changes in shopping habits, new retail developments close to the market and a facility that has had little investment in the physical infrastructure, so the market is somewhat dated and not able to provide an adequate modern facility for market traders.

2.1 The Council commissioned a strategic review of the indoor market. This report concluded that the existing facility is no longer fit for purpose and that a business case should be explored to investigate potential investment and partnering options to help redevelop the market and enhance its commercial viability.

2.2 A study was conducted by Quarterbridge Project Management Ltd, who have extensive experience in developing market regeneration projects, on behalf of The Council following a procurement process. They conducted analysis of potential design and investment options and produced a report with multiple detailed appendices.

2.3 If the option to pursue wholesale redevelopment were to be taken forward the scale of new development envisaged would require demolition of the existing indoor market and then reconstruction of a re-modelled facility designed to maximise sales in line with modern concepts and successful market design principles. The re-modelled market would potentially occupy the ground floor of a multi storey building with the additional space being occupied by other rent-paying commercial, leisure and/or cultural tenants, with the remaining upper storeys being developed out as residential apartments.

2.4 The study identified key next steps to take the redevelopment forward, all of which should be addressed within the next twelve months, including:

- Creating a comprehensive consultation plan with market traders and residents to ensure that stakeholder views and opinion are considered concurrently with project development to arrive at the preferred option.
- Securing effective project management capacity to ensure that project deliverables and strategic outcomes are achieved.
- The development of a robust business case based on in-depth financial and development appraisals to be produced after revisiting the redevelopment options to ensure the preferred option would

generate an acceptable return and be a sustainable proposition in projected market conditions.

- The business case for the preferred redevelopment option to be produced in parallel with the identification of the most attractive delivery and ownership model to protect the Council's long term financial and regeneration interests and achieve the local market stimulus envisaged.
- Identifying and agreeing a potential partnership arrangement with a suitable investment and development partner or partners, subject to authorisation by cabinet.
- Provide an in depth options appraisal of potential delivery models, developing an appropriate investment proposal based on a robust business case and risk analysis exercise for each redevelopment and delivery option which would then be subject to further cabinet authorisation.
- Identify and evaluate any remaining unresolved issues contained in the consultant's report including a more detailed financial appraisal exercise, a cost modelling review and soft market testing.
- Consult with the leaseholder for the Kings Square Shopping Centre to identify any related property issues that may impact upon the redevelopment proposals.

2.5 The redevelopment of the indoor market is expected to act as a regeneration catalyst, driving footfall and increasing market engagement to drive values within the Town Centre and stimulate the further redevelopment of adjacent property, by the private sector in particular to create market confidence in the emerging Town Centre residential offer. The Cabinet report outlines the next level analysis and recommendations as requested by cabinet members.

2.4 Cabinet agreed the report 26 June, 2019, the next stage will be to consult with market traders, the public, town centre stakeholders and industry experts to further develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report.

3 IMPLICATION FOR SANDWELL'S VISION

3.1 The Council's ambition to create successful town centres will be directly supported by the preservation and development of a thriving indoor market and the use of this as a regeneration catalyst for the Town Centre.

4 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

4.1 Indoor market traders have been consulted on issues and initiatives that could deliver short and medium-term improvements. However, although

several of these initiatives have been introduced there has been no significant uplift in trading performance.

- 4.2 Market shoppers and other town centre users that do not use the market were consulted to determine what would encourage them to spend more in the market. The views obtained have been incorporated into the study referred to in 2.1.
- 4.3 Visits to other indoor markets and discussions with traders and other Council market operators to explore and learn from similar facilities have been carried out. The views obtained have been incorporated into the study referred to in 2.1.

5 ALTERNATIVE OPTIONS

- 5.1 A higher percentage of stall rent discount could be applied to provide a greater incentive to attract new traders. However, this would have a significantly detrimental effect upon the Council's budget and may result in the indoor market operation moving from a surplus producer to a net cost for the Council. Due to condition issues it is also forecast that the fabric of the market building would continue to deteriorate and therefore management and maintenance costs will increase. Furthermore, a 25% discount has already been in operation for over twelve months and this has now been reduced to 10%, this discount has not produced a net increase in new traders and ultimately would not in any way address the outdated nature of the accommodation which is understood to be the main factor leading to decline.

6 STRATEGIC RESOURCE IMPLICATIONS

- 6.1 The design and investment study carried out by Quarterbridge Project Management Ltd, referred to in 2.2, explored some indicative costs but these require additional scrutiny and analysis before they can be developed into a final business plan and investment options appraisal.
- 6.2 The main financial risks have been reviewed and potential contingencies considered, but it should be noted that a project of this magnitude will require continual and effective risk management processes to ensure that the Council's liabilities and exposure to current and future risk are minimised.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

- 7.1 The Food Act 1984 enables a local authority to establish a market within its area and to fix its own charges for markets and these can be determined depending on a range of different circumstances. The local authority is entitled to charge a commercial rate if appropriate.

- 7.2 The Council is the freeholder of the indoor market and of the Kings Square shopping centre that is structurally connected to the indoor market. However, the Council has granted a lease to London & Associated Properties PLC for Kings Square shopping centre and would, therefore, need to consult and negotiate with the leaseholder on any contractual issues that may impact the development.
- 7.3 The financial scope of the proposals is of a magnitude that would require appropriate and suitable legal instruments to be developed to ensure that the Council's asset ownership, public accountability, commercial and investment liabilities are safeguarded and effectively managed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 The proposals have been assessed by the Markets Manager for any equality impact and have been found not to have any.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 The proposals have been assessed by the Markets Manager for any data protection implications and have been found not to have any.

10 CRIME AND DISORDER AND RISK ASSESSMENT

- 10.1 The proposals have been assessed by the Markets Manager for any crime and disorder implications and have been found not to have any.

11 SUSTAINABILITY OF PROPOSALS

- 11.1 The proposals would contribute to the economic sustainability of the indoor market which is undergoing economic challenges that has resulted in the loss of market traders from the market.

12 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 12.1 The proposals would contribute to the continuance of an indoor market which would support local employment and help maintain a source of affordable goods, services and fresh food supply for the community.

13 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 13.1 The indoor market is an asset that returns income by way of commercial trading activity. Consequently, replacing this asset with a sustainable redeveloped market, with additional use options provides an opportunity

to increase and sustain the asset value and potentially increase the annual revenue generated from the asset.

14 **CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 14.1 The first recommendation to note the decision of Cabinet 26 June 2019 to consult with a range of stakeholders, experts and Directors to develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report, provides an opportunity for the Scrutiny Board to consider this decision in view of the supporting report.
- 14.2 The second recommendation to consider the report and comment on the future development of the indoor market and any other matters that that should be factored into the feasibility study and options appraisal, encourages the Scrutiny Board to inform the feasibility study at an early stage so all views can be incorporated.
- 14.3 The third recommendation to agree to receive the final option appraisal for redevelopment of the indoor market prior to Cabinet decision in twelve months' time, enables the Scrutiny Board to have sight of and comment on the options appraisal analysis so as to assist Cabinet in their decision-making process.

15 **BACKGROUND PAPERS**

As per Cabinet report 26.06.2019

16 **APPENDICES:**

Appendix 1: Cabinet report 26.06.2019

Amy Harhoff

Director of Regeneration and Growth

REPORT TO CABINET

26 June 2019

Subject:	West Bromwich Indoor Market Redevelopment Proposals and Investment Options
Presenting Cabinet Member:	Councillor Bob Lloyd - Cabinet Member for Inclusive Economic Growth
Director:	Director of Regeneration and Growth – Amy Harhoff
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	3 June 2019
Director Approval:	3 June 2019
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny consultation has not been undertaken
Contact Officer(s):	Gerry Ritchie, Markets & Town Centres Group Manager, gerry_ritchie@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

Authorise the Director – Regeneration and Growth, in consultation with the Executive Director – Resources, to consult with market traders, the public, town centre stakeholders and industry experts to further develop a comprehensive and detailed business case for the redevelopment of the indoor market and to determine its feasibility and bring a preferred option proposal back to Cabinet for a final investment decision within twelve months of this report.

1 PURPOSE OF THE REPORT

- 1.1 The West Bromwich Indoor Market is currently trading profitably but has lost traders in recent years and this rate of loss has accelerated in the last two years. There are many factors that have contributed to the decline in trader numbers including changes in shopping habits, new retail developments close to the market and a facility that has had little investment in the physical infrastructure, so the market is somewhat dated and not able to provide an adequate modern facility for market traders.
- 1.2 The Council commissioned a strategic review of the indoor market. This report concluded that the existing facility is no longer fit for purpose and that a business case should be explored to investigate potential investment and partnering options to help redevelop the market and enhance its commercial viability. This view was considered by cabinet members in a cabinet workshop on 16th May 2018.
- 1.3 Following the cabinet workshop, cabinet members agreed that the Council should retain the indoor market but that it must be sustainable and contribute to the broader regeneration of West Bromwich. They also agreed that the Council should investigate developing a completely rebuilt and reconfigured facility which could incorporate various different elements such as a remodelled market with a modern design, enhanced food offer and improved access to customers, additional and complimentary facilities such as accommodation for a leisure operator, arts & culture offer, customer-facing Council services and potentially market facing office and residential accommodation above in several storeys.

- 1.4 Cabinet members then requested that these proposals should be taken to the next logical stage and their feasibility and potential investment implications investigated. Also, that the Council should be open to various potential delivery structures and ownership models that would be attractive to investment partners, so as to secure the most cost-effective investment plan and route to delivery.
- 1.5 The redevelopment of the indoor market is expected to act as a regeneration catalyst, driving footfall and increasing market engagement to drive values within the Town Centre and stimulate the further redevelopment of adjacent property, by the private sector.
- 1.6 This report outlines the next level analysis and recommendations as requested by cabinet members.

2 SUMMARY OF A STUDY TO EXPLORE A BUSINESS CASE, GENERAL DESIGN OPTIONS AND POTENTIAL INVESTMENT MODELS TO DELIVER A REDEVELOPED INDOOR MARKET.

- 2.1 The study was conducted by Quarterbridge Project Management Ltd on behalf of The Council and following a procurement process. The appointed consultant has extensive experience in developing and delivering market regeneration and recovery projects. They conducted analysis of potential design and investment options and produced a report with multiple detailed appendices.
- 2.2 The study concluded that a redeveloped indoor market with enhanced sustainability through the addition of complementary income-producing mixed-use elements, in line with the principle factors requested by cabinet members in the cabinet workshop of 16th May 2018, could in essence be successfully delivered subject to funding being identified and secured.
- 2.3 The scale of new development envisaged would require demolition of the existing indoor market and then reconstruction of a re-modelled facility designed to maximise sales in line with modern concepts and successful market design principles. The re-modelled market would occupy the ground floor of a multi storey building with the additional space being occupied by other rent-paying commercial, leisure and/or cultural tenants, with the remaining upper storeys being developed out as residential apartments.

- 2.4 The ownership model of the residential element that would be the most likely to be sustainable and financially viable would be a commercial landlord renting to the evolving private rented sector targeting the modern apartment market to whom the town centre location being close to all amenities would appeal as would the very favourable proximity of the metro station which is only a few minutes' walk from the site.
- 2.5 An initial high-level investment analysis of the whole project is as detailed in section 8 of this report.
- 2.6 The study identified key next steps to take the redevelopment forward, all of which should be addressed within the next twelve months, including:
- Creating a comprehensive consultation plan with market traders and residents to ensure that stakeholder views and opinion are considered concurrently with project development to arrive at the preferred option.
 - Securing effective project management capacity to ensure that project deliverables and strategic outcomes are achieved.
 - The development of a robust business case based on in-depth financial and development appraisals to be produced in parallel with the identification of the most attractive delivery and ownership model to protect the Council's long term financial and regeneration interests and achieve the local market stimulus envisaged.
 - Identifying and agreeing a potential partnership arrangement with a suitable investment and development partner or partners, subject to authorisation by cabinet.
 - Provide an options appraisal of potential delivery models, developing an appropriate investment proposal based on a robust business case and risk analysis exercise for each option which would then be subject to further cabinet authorisation.
 - Identify and evaluate any remaining unresolved issues contained in the consultant's report including a more detailed financial appraisal exercise, a cost modelling review and soft market testing.
 - Consult with the leaseholder for the Kings Square Shopping Centre to identify any related property issues that may impact upon the redevelopment proposals.

3 IMPLICATION FOR THE VISION 2030

- 3.1 The Council's ambition to create successful town centres will be directly supported by the preservation and development of a thriving indoor market and the use of this as a regeneration catalyst for the Town Centre.

4 BACKGROUND AND MAIN CONSIDERATIONS

- 4.1 The current indoor market in the Kings Square Shopping Centre was opened in 1973 and has been trading profitably returning a financial surplus since that date. It has served visitors and residents of West Bromwich for over forty years. Whilst there has been some maintenance work, including electrical rewiring, new floor surfaces, painting and the creation of a new entrance, the building has remained substantially unchanged since it was opened. Although the market still has a loyal customer base and a good range of trade lines to attract customers, the number of vacant stalls has been increasing in recent years and, therefore, the income to the Council from stall rents has been steadily declining.
- 4.2 The reason for the decline in the independent retail sector in recent years in the UK is well documented and is the result of a change in the shopping habits and new consumer channels that have developed. In addition to national trends, there are specific issues pertinent to the indoor market. Whilst its central location is good, the structure of the building is unattractive from an aesthetic point of view, not easily accessible due to the restricted size of the entrance areas and is oriented in such a way that the main source of customer flow is further restricted due its internal layout. The current design of the building is also of a typology that does not easily lend itself to remodelling or refurbishment. Furthermore, the locality within which the indoor market is situated has not been improved and now stands in stark contrast to the significant investment in the New Square shopping centre development. This adds to its perception as being old fashioned, time expired and unattractive to shoppers.
- 4.3 In view of the issues identified in 3.1 and 3.2 the Council has commissioned expert reviews of the options for redeveloping the indoor market. The first review identified that there were several high-level options available for regeneration and renewal of the indoor market. This led to the need for a further piece of work to explore a business case and potential investment models and partners that could deliver a reinvigorated and commercially sustainable market offer. This further piece of work has now been completed and a comprehensive report has been submitted to the Council recommending wholesale redevelopment.

- 4.4 Whilst these investigatory studies and reviews were underway, market traders petitioned the Council for financial assistance to support them to continue to trade in the indoor market until the Council concludes on the future strategy of the market. The Council applied a 25% temporary reduction in market fees to provide this assistance, which has subsequently been reduced to 10%. This fee reduction has arrested the decline in the number of traders occupying stalls in the market and has stabilised the current market occupancy rate, but this reduction was time limited and fees will gradually revert to their previous level.

5 THE CURRENT POSITION

- 5.1 A study to explore a business case, general design options and potential investment models and partners that could deliver a reinvigorated and commercially sustainable market has been concluded and has been assessed by Council officers from relevant service areas.
- 5.2 Although the existing market is still trading, there is a void rate of 32%. This compares with a previous annual void rate of less than 10% that was the standard level due to the normal 'churn' of traders retiring or moving to larger premises and being replaced with new traders. There has been no net increase in traders for over 12 months despite the application of a 25% stall fee discount that would normally be an attractive incentive.

6 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 6.1 Indoor market traders have been consulted on issues and initiatives that could deliver short and medium-term improvements. However, although several of these initiatives have been introduced there has been no significant uplift in trading performance.
- 6.2 Market shoppers and other town centre users that do not use the market were consulted to determine what would encourage them to spend more in the market. The views obtained have been incorporated into the study referred to in 5.1.
- 6.3 Visits to other indoor markets and discussions with traders and other Council market operators to explore and learn from similar facilities have been carried out. The views obtained have been incorporated into the study referred to in 5.1.

7 ALTERNATIVE OPTIONS

- 7.1 A higher percentage of stall rent discount could be applied to provide a greater incentive to attract new traders. However, this would have a significantly detrimental effect upon the Council's budget and may result in the indoor market operation moving from a surplus producer to a net cost for the Council. Furthermore, a 25% discount has been in operation for over twelve months and this has now been reduced to 10% and this has not produced a net increase in new traders and ultimately would not in any way address the outdated nature of the accommodation which is understood to be the main factor leading to decline.

8 STRATEGIC RESOURCE IMPLICATIONS

The design and investment study carried out by Quarterbridge Project Management Ltd, explored some indicative costs but these require additional scrutiny and analysis before they can be developed into a business plan and investment option.

- 8.1 The main financial risks have been reviewed and potential contingencies considered, but it should be noted that a project of this magnitude will require continual and effective risk management processes to ensure that the Council's liabilities and exposure to current and future risk are minimised.

9 LEGAL AND GOVERNANCE CONSIDERATIONS

- 9.1 The Food Act 1984 enables a local authority to establish a market within its area and to fix its own charges for markets and these can be determined depending on a range of different circumstances. The local authority is entitled to charge a commercial rate if appropriate.
- 9.2 The Council is the freeholder of the indoor market and of the Kings Square shopping centre that is structurally connected to the indoor market. However, the Council has granted a lease to London & Associated Properties PLC for Kings Square shopping centre and would, therefore, need to consult and negotiate with the leaseholder on any contractual issues that may impact the development.
- 9.3 The financial scope of the proposals is of a magnitude that would require appropriate and suitable legal instruments to be developed to ensure that the Council's asset ownership, public accountability, commercial and investment liabilities are safeguarded and effectively managed.

10 EQUALITY IMPACT ASSESSMENT

10.1 The proposals have been assessed by the Markets Manager for any equality impact and have been found not to have any.

11 DATA PROTECTION IMPACT ASSESSMENT

11.1 The proposals have been assessed by the Markets Manager for any data protection implications and have been found not to have any.

12 CRIME AND DISORDER AND RISK ASSESSMENT

12.1 The proposals have been assessed by the Markets Manager for any crime and disorder implications and have been found not to have any.

13 SUSTAINABILITY OF PROPOSALS

13.1 The proposals would contribute to the economic sustainability of the indoor market which is undergoing economic challenges that has resulted in the loss of market traders from the market.

14 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

14.1 The proposals would contribute to the continuance of an indoor market which would support local employment and help maintain a source of affordable goods, services and fresh food supply for the community.

15 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

15.1 The indoor market is an asset that returns income by way of commercial trading activity. Consequently, replacing this asset with a sustainable redeveloped market, with additional use options provides an opportunity to increase and sustain the asset value and potentially increase the annual revenue generated from the asset.

16 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

16.1 The current proposal seeks to maintain and enhance the Council's asset, support the economic wellbeing of small family businesses, support the availability of affordable supplies and services for the community, contribute to the vibrancy of West Bromwich town centre and afford the Council a significant opportunity to create a catalyst for regenerating an area of West Bromwich town centre that has suffered significant decline in recent years.

17 BACKGROUND PAPERS

17.1 A petition submitted by market traders was heard on 24th August 2017 requesting reduction in market stall rents.

17.2 A report to cabinet on 27th September 2017 upheld a recommendation to apply a 25% reduction in stall fees.

17.3 An Action on Matter of Urgency report on 20th June 2018 extended the 25% reduction in stall fees until 30th September 2018.


17.4 A report to cabinet on 17th October 2018 upheld a recommendation to extend the 25% reduction in stall fees until 31st January 2019.

17.5 A report to cabinet on 20th February 2019 upheld a recommendation to extend the 25% reduction in stall fees until 30th April 2019 and then to reduce the stall fees discount to 10% until 31st October 2019 before finally returning the standard stall rents.

Amy Harhoff
Director – Regeneration and Growth

REPORT TO ECONOMY SKILLS TRANSPORT AND ENVIRONMENT SCRUTINY BOARD

18 July 2019

Subject:	Inclusive Economy
Cabinet Member:	Councillor Bob Lloyd - Cabinet Member for Inclusive Economic Growth
Director:	Director of Regeneration and Growth – Amy Harhoff
Contribution towards Vision 2030:	
Exempt Information Ref:	The information contained in this report is not exempt from publication.
Contact Officer(s):	Amy Harhoff amy_harhoff@sandwell.gov.uk

DECISION RECOMMENDATIONS

That the Economy Skills Transport and Environment Scrutiny Board:

1. Consider the presentation relating to Inclusive Economy and refer any comments and/or recommendations to the Cabinet Member for Inclusive Economic Growth.

1 **PURPOSE OF THE REPORT**

- 1.1 The Board is asked to consider the presentation relating to the Inclusive Economy.

2. **BACKGROUND**

- 2.1 The issue of Inclusive Economic Growth was identified as a topic for the Economy Skills Transport and Environment Scrutiny Board Work Programme 2019-20 by the Board at its first meeting.
- 2.2 The presentation aims to give further detail to inform the Board in its deliberations about an Inclusive Economy.

3 IMPLICATION FOR SANDWELL'S VISION

- 3.1 The Council has ambition to become a location of choice for industries of the future where the local economy and high performing companies continue to grow.

Amy Harhoff

Director of Regeneration and Growth