

Open Air Markets - Market Testing Exercise

EXECUTIVE MEMBER: Councillor George Clements, Deputy Leader
Councillor Geoff Blackwell, Portfolio Holder

LEAD OFFICER: Cath Coombs, Acting Head of Leisure &
Environmental Services

REPORT AUTHOR: Toni Magean, Open Spaces Manager
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Summary and Recommendation:

This report advises Executive of the Market Testing Exercises for provision and delivery of the Open Air Markets in Whitehaven, Egremont & Cleator Moor.

And that Executive agree to option 3.1

1. INTRODUCTION

- 1.1 Executive requested that the provision of the Open Air Markets for Whitehaven, Egremont and Cleator Moor be subjected to an external market testing exercise, when the role of the Council's enforcement unit was reviewed in April 2007.
- 1.2 Expressions of interest were advertised and the Council received interest from three organisations, which were subsequently invited to tender for the service.
 - Contractor 1
 - Contractor 2
 - Contractor 3
- 1.3 The proposed contract term was for a period of three years, with the Council indicating that it expected to receive an annual fee from the successful contractor.
- 1.4 Contactor 1 & Contractor 2 gave notice that they wish to withdraw during the procurement process. The reasons were as follows:

- Contractor 1 informed that they were “unable to supply a compliant bid as they were unable to submit a financial proposal which would satisfy both parties...”.
- Contractor 2 informed that they had insufficient capacity to comply with tender requirements.
- This left Contractor 3 as the only tender bid received.

2. ARGUMENT

- 2.1 Open air markets are an important service and support the local economy. Vibrant markets attract people into town centres, assisting in the regeneration agenda and in turn supporting local businesses and tourism development.
- 2.3 The financial valuation of the tender submitted by Contractor 3 was weak and concerns exist relating to the quality of the information supplied. This resulted in a need to contact the organisation to request additional supporting information. Contractor 3 confirmed that there was no supporting business plan. The tender supplied by Contractor 3 projects increases in both income and expenditure. In particular expenditure increases significantly in the areas of management and administration, cleansing, and advertising costs. The projected increases in income are not supported by business plan based assumptions, and it is very difficult to see how this level of income can be generated.
- 2.4 A financial evaluation was undertaken comparing contractor 3 costs against the current service costs (Appendix 1). Due to the commercially sensitive nature of this information Appendix 1 is included as a Part 2 report.
- 2.5 The Copeland Markets Forum Group, which represents the market traders have been kept informed of the market testing exercise. The group have informally stated that they wish the markets to remain in the hands of the Council.

3. OPTIONS TO BE CONSIDERED

Three main options exist, being:-

- 3.1 the current open air public market arrangements continue to managed directly by the Council. The service will be reviewed and a development plan produced to place the open air markets at the centre of the regeneration agenda.

3.2 the tender submitted by Contractor 3 is considered further, with the aim of securing an unqualified proposal on which a full legal and service delivery evaluation could be conducted.

3.3 That the tender exercise is repeated.

4. CONCLUSIONS

4.1 A market testing exercise has been undertaken, with little interest shown from the private sector, two of tenders withdrawing and the remaining tenderer submitting a qualified bid that is not a financially viable proposal.

4.2 The Copeland Markets Forum Group, which represents the market traders have informally expressed the wish for the council to continue direct management of the open air markets.

4.3 Re-tendering is an option, though is time critical and resources will require diverting from service delivery.

5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

5.1 As part of the council financial planning process, the Council have approved the current markets operational budgets. Accepting Contractor 3's proposal would require a budget adjustment for 2009/10 of at least £16,000.

6. IMPACT ON CORPORATE PLAN

6.1 Open Air Markets support local economies and contribute towards improving the quality of life.

List of Consultees:

Councillor George Clements
Councillor Geoff Blackwell
Corporate Team
Paul Robson

List of Appendices

Appendix 1 – Cost Comparison. (Included as a part 2 report)

List of Background Documents:

Open Air Markets tender file.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

| | |
|---|--|
| Impact on Crime and Disorder | None |
| Impact on Sustainability | Markets support the local economy and provide employment |
| Impact on Rural Proofing | None |
| Health and Safety Implications | Appendix C |
| Impact on Equality and Diversity Issues | Supports |
| Children and Young Persons Implications | None |
| Human Rights Act Implications | Supports |
| Section 151 Officer Comments | Comments incorporated into the report, with Contractor 3 not submitting a financially viable proposal. |
| Monitoring Officer Comments | Agreed |

Please say if this report will require the making of a Key Decision **YES**