

Appendix 11b - Future Chrisp Street Market Management Arrangements

Background

Poplar HARCA have for the last decade had a management agreement with LBTH to manage certain aspects of the market. Poplar HARCA have contracted with Chrisp Street Developments Ltd (CSDL) which is a wholly owned subsidiary of Telford Homes Plc to carry out the regeneration of the Chrisp Street district centre. A planning application for the regeneration has been submitted to the Council and will be determined soon. The planning application includes designs for a new market square. The market will stay in the Council's ownership and ultimate control.

CSDL and Poplar HARCA see the market as an essential part of the regeneration and see the success of the district centre being intrinsically linked with the success of the market. A recent survey showed that currently 80% of people state that the market is their primary reason for coming to Chrisp Street, making it the most important retail anchor in the Centre.

In discussion with potential occupiers, the market, along with the independent trader representation, is critical both to retail and food and beverage operators to attract new shoppers into the centre. In the longer term the market is a key differentiator of Chrisp Street over other areas with a cinema and supermarkets.

There is no intention to privatise any element of the market.

Objective

To improve and expand the trading space by installing new infrastructure for the market, to increase the variety and occupancy within the market area, to improve the aesthetics and to establish a long term management plan to promote and sustain the market. These objectives will be achieved through a partnership approach with the Council, whilst ensuring that the market remains open for trading.

Backed by Council Thinking

The objectives above accord with the emerging Tower Hamlets Town Centre Strategy. The performance review undertaken by LBTH identifies that Chrisp Street would benefit from additional space for market stalls and would benefit from the market offer being curated. The Council is encouraging experience to be drawn from private and public sectors to improve markets.

Implementation

Following consultation with the LBTH markets team the following areas of infrastructure have been addressed in the planning application submission:

- Enhanced layout of the market
- New canopy
- New drainage to ease wash down of the market
- New smart metered service points for electricity and water
- Improved layout for vehicles to setup and pack up
- Improved rubbish collection regime including temporary storage in a new basement
- New toilets in a secure environment adjacent to the market in the new Hub building
- Food preparation area on the market
- New signage
- Improved lighting
- New public realm for the whole of the district centre

The funding for the capital works above will be provided by the developer as part of the overall development and will not be a cost to the Council or the traders.

Increasing variety and Occupancy

Building on the work undertaken to date with the LBTH markets team, which draws on the Council's research and current stall licence holders information, we will jointly work with the Council to carry out the following research:

- Review competition - Establish an overview of the current market and events in the area
- Monitor customer insight – Via small focus groups
- Review current operation – The day to day operation of the market
- Monitor occupancy – Develop the data specifically for monitoring the offer and occupancy rates
- Review of current offer - Identify gaps across the LBTH commodity categories
- Establish trading framework – Draw on best practice within LBTH and elsewhere

We will then together produce the following:

- Operating Model – Work up the plan for servicing the market using the new infrastructure
- Recommend the offer – The mix of traders that will serve the community and encourage improved trading.

Once the principles have been agreed in a collaborative manner with the Council we will carry out the following activities:

Management

Establish a long term management regime that is incorporated into the overall district centre estate management.

Marketing

As part of our district centre wide marketing we will include the market, as an integral part of the total centre offer, in all our strategies. We will recommend branding that sits comfortably with the centre's branding. This will include logos, font colours, tone of voice, image styles and brand guidelines.

Website

We will integrate the marketing of the market with the rest of the district centre on our website and signpost the link to the Council's Markets site.

Events

We run several events during the year, but at the moment these are run on a Sunday when the market is closed. With the new market infrastructure we will be able to carry out events so that the traders get the benefit of the additional footfall.

Communications

In our estate management office we will provide a liaison service between potential traders and the Council. We hope that the Council's Chrisp Street Market Inspectors will be able to co-locate in the district centre's estate management office.

Roles

LBTH, Poplar HARCA and CSDL will work in partnership with primary responsibilities for the following areas:

Council Lead Role

- Rent setting and collection
- Licencing and enforcement
- Commodity Representation Quotas
- Pitch Adjacencies
- Occupier exhibition / trial assessment

CSDL Lead Role

- Infrastructure
- Curating an improved market offer
- Management
- Marketing
- Support

The Way Forward

To allow this to happen when renewing the existing market management agreement these principles would be included. To assist the reader to understand the proposed changes to the existing management agreement, there follows a comparison between the proposals of the regeneration currently being considered by LBTH and the services that the Council have already contracted out to Poplar HARCA under a Management Agreement dated 14th August 2006. The issues to be addressed are set out below:

(a) The new management agreement will be for a term expiring on 13 August 3006, i.e. the date of expiry of the 1-15 Vesey Path Lease, subject to either termination by LBTH for non-performance.

The current management agreement can be terminated by LBTH or Poplar HARCA with 12 months' notice. The regeneration relies on significant investment that takes many years to recoup. The successful management of the market is a key factor in maintaining existing retailers and attracting new retailers. It is also key to protecting the value of the commercial interest in the district centre. These factors give confidence to finance the regeneration. Therefore the length of the management agreement needs to be aligned with the land interests and the immediate termination provisions need to be omitted to attract further long term investment once the regeneration is complete.

(b) The new management agreement will be assignable to the party which controls the commercial common parts of the Site from time to time, subject to the consent of LBTH (not to be unreasonably withheld or delayed).

This is a change to the existing management agreement. The vision for the regeneration of the district centre is for the whole centre to be managed seamlessly to generate benefits for both the retailers in shops and market stalls. As a result of the regeneration the landlord of the retail units in the centre will change. Therefore each landlord in the future needs to have the same responsibility to provide the services that are currently provided by Poplar HARCA.

(c) CSDL will be authorised to carry out regeneration works to the Market area at its own cost in accordance with plans and method statements approved by LBTH acting reasonably from time to time. It is anticipated that these works will include providing each market stall with an individual metered electricity supply at CSDL's cost although the scope of works will be agreed with LBTH as part of the planning process for the wider regeneration scheme.

Clause 3.3.9 of the 2006 management agreement makes provision for this, subject to LBTH consent. Therefore the approval of LBTH to the works detailed in the planning application is required.

(d) The management agreements will set out a regime for agreeing interim arrangements for the continued operation of the market whilst regeneration works are ongoing.

Again under clause 3.3.9 of the 2006 management agreement these arrangements could be approved by the Council when approving works to the market. But for clarity acknowledgement in the agreement that the market will require temporary relocation would be helpful.

(e) CSDL will be obliged to provide services to, and maintain, the Market area to an agreed standard (the "Minimum Service Level"), which will reflect the service and maintenance standards for other street markets within the LBTH estate.

This service is already provided under the existing agreement in clauses 3.3.1, 3.3.3, 3.3.4, 3.3.7, 3.3.8 and 3.3.12. The concept of a minimum level is to reflect the current level expected and paid for by LBTH. The level of service to be provided under the minimum level and a cap on the service charge will be agreed by LBTH, Poplar HARCA and CSDL in conjunction with the required consultation process and 28 day public consultation.

(f) LBTH will pay to CSDL a service charge at a level appropriate for services provided to the Minimum Service Level specified.

See comment under (e).

(g) CSDL will be entitled to provide services to, and maintain, the Market area to a higher standard than the Minimum Service Level at its own cost.

It is acknowledged that that the Council has a duty to keep the service charge to a minimum to maintain as low a rent as possible for the market stalls, but in the interests of maintaining the regenerated district centre the ability to maintain a high standard of cleanliness and functionality is required. This will not be charged to the Council and is not prevented by the existing management agreement.

(h) LBTH will continue to have control over granting and managing licences for stallholders, and will continue to receive all income from the stallholders.

For clarification only. The Council have overall discretion as to who is licensed on the market.

(i) HARCA, CSDL and LBTH will agree a lettings strategy in relation to the Market (to be updated periodically) in order to ensure that retail mix across the Site and the Market fits together as well as possible. LBTH will have final approval of the Lettings Strategy which will be the responsibility of the Corporate Director Place in consultation with the Cabinet Member responsible for the Borough's Street Markets. LBTH will have due regard to the lettings strategy but will not be fettered as to the identity of licence holders.

This is a new service. The landlord of the retail units would like to use their expertise to assist LBTH to revitalise and maintain the success of the market.

(j) LBTH and HARCA and CSDL will agree the layout of stalls and the opening times of stalls in order to ensure efficient management of the Market.

This is a new service. The landlord of the retail units would like to use their expertise to assist LBTH to revitalise and maintain the success of the market. Any proposed changes will be agreed by LBTH, Poplar HARCA and CSDL in conjunction with the required consultation process and 28 day public consultation.

(k) Monthly liaison meetings will be established between HARCA, LBTH and CSDL and any retained managing agents to provide a forum for information flow and for concerns to be raised mutually. This will also agree any changes to the above strategies.

This is a new service. The landlord of the retail units would like to use their expertise to assist LBTH to revitalise and maintain the success of the market.

(l) LBTH can call for CSDL to install further services to the Market (e.g. metered water or data supply to the extent not installed as part of the initial redevelopment) at LBTH's own cost.

This service is only for the benefit of LBTH.

(m) If any licence holders are in material and/or persistent breach of their licence terms and this is affecting CSDL, HARCA or their tenants, LBTH will enforce the terms of the licence at the request and cost of CSDL or HARCA.

Clause 3.3.19 currently requires Poplar HARCA to notify the Council and provide evidence of apparent breaches, but the Council are not required to take any action. The will of the Council is required to enforce transgressions to revitalise and maintain the success of the market. Where the Council is in agreement that there are material and/or persistent breaches of a licence, the Council will take enforcement action to help maintain the success of the Street Market.

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