

# Resources Overview and Scrutiny Panel

Agenda  
Item:

Meeting Date: 6<sup>th</sup> December 2016  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **MARKET HALL – MARKET MANAGEMENT GROUP AND MANAGING AGENT**  
Report of: **Corporate Director of Governance & Regulatory Services**  
Report Number: **GD.72/16**

## Purpose / Summary:

The Panel has asked for a report outlining the working relationship and the work undertaken by the Market Hall Management Group and the Managing Agent.

The attached report sets out the current position relating to the Market Hall and gives an overview of the working relationship and work undertaken by the Market Hall Management Group and the Managing Agent.

## Recommendation:

The Panel note the Report.

## Tracking

Executive:	n/a
Overview and Scrutiny:	<b>6<sup>th</sup> December 2016</b>
Executive:	n/a
Council:	n/a

## **1.0 BACKGROUND**

### **1.1 Leasing arrangements**

- 1.1.1 Carlisle City Council owns the freehold of the Market Hall which is let to BAE Pension Fund on a 99 year head-lease from March 1991 with an option to extend the term by 51 years.
- 1.1.2 The indoor market area is sub-let to the Council on an under-lease which is coterminous with the head-lease. The Council sub-underlet the stalls to the Market Hall tenants on 'easy in-easy out' leases.

### **1.2 Management Policy Document**

- 1.2.1 Annexed to the head lease is the 'Management Policy Document' which sets out how the Asset should be managed. This document dictates the following management structure;
  - 1.2.1.1 The head tenant, BAE Pension Fund, manages the Asset via its investment fund managers, LaSalle, who in turn employ Capita to undertake the day to day management of the Wilkinson, TK Maxx and the Arcade Shops occupations.
  - 1.2.1.2 The Council and BAE Pension Fund have a joint management contract with Ryden, who undertake the day to day management of the stall holder area within the Market Hall. Ryden provide an on-site Market Hall Manager who deals directly with the tenants on a day to day basis, with the overarching contract management allocated to a Senior Surveyor within Ryden who visits the Market Hall on a monthly or more frequent basis when necessary.
  - 1.2.1.3 The management of the stall holder area of the Market Hall is overseen by the Market Hall Management Group which consists of two Members of the City Council, one of whom currently Chairs the Group, one Senior Officer from LaSalle together with a number of Senior Officers of the Council from Property Services, Legal Services and Finance. BAE have the ability to send as many representatives as they consider necessary to any of the Group's meetings.

## **2.0 THE MARKET HALL MANAGEMENT GROUP AND MANAGING AGENT**

### **2.1 The Management Group**

- 2.1.1 The Market Hall Management Group meets every six months, however there is the ability to call a 'special meeting' should anything arise that requires urgent attention.
- 2.1.2 The latest Market Management Group meeting was held on 2<sup>nd</sup> November 2016. The meeting was attended by two Members of the Council, the Corporate Director

of Economic Development, three Council Senior Officers and the Senior Surveyor from Ryden.

2.1.3 The remit of the Management Group is to ensure the facility is managed effectively to facilitate the smooth day to day running of the market and to look at the wider facility to ascertain how this can be developed.

2.1.4 Management Group meetings are structured as follows;

Ryden's senior surveyor presents a detailed management report relating to the stall holder area and covers;

- operational matters, such as the major roof repair works currently being undertaken and their impact on the day to day running of the asset,
- tenancy matters relating to occupancy levels, rental income, arrears, service charges and the like,
- the position relating to a proposed formally constituted stallholder group to ease communication, encourage 'buy-in', and concentrate on dealing effectively with tenants issues and concerns,
- marketing and promotion, outlining the invaluable work of the Market Hall Manager in maximising opportunities to promote and advertise the offer, and
- business trends and the effects of the flooding in December 2015.

2.1.5 Following the managing agent's report discussions then focus on;

- the current day to day issues and tenant's concerns, what is being and can be done and how future concerns could be mitigated,
- current occupancy rates and the promotion of the offer to prospective tenants, how the offer to the traders can be made more attractive,
- the nature and outlook of the current tenants and what can be done to encourage more 'buy-in' and commitment to expanding the offer to customers,
- Christmas events and the role the offer could potentially play to raise its profile and to signpost more customers whilst these are taking place,
- marketing and promotion and any potential opportunities to increase the profile of the offer and to signpost more customers to the Market Hall, including the role and use of social media,
- any potential for wider development of the asset and the overall offer.

## **2.2 The Managing Agent**

2.2.1 The Council's Managing Agent has considerable experience in managing an asset of this nature and this is supported by an in-house front facing Market Hall Manager who has been in post for many years.

2.2.2 On a day to day basis the Market Hall Manager deals effectively and efficiently with the majority of queries and concerns from the stall holders. The Senior Surveyor makes regular contact with Property Services when issues arise that need immediate decisions and can be dealt with outside the Market Management Group to enable the continuous smooth running of the facility.

2.2.3 Ryden has a very 'hands on' approach with the Senior Surveyor frequently visiting the Market Hall to talk on a one to one basis with any of the stall holders who have queries that cannot be resolved by the Market Hall Manager.

### **2.3 Recent achievements and future proposals**

2.3.1 Below is an outline of some more recent results of the Managing Agent, Property Services and the Management Group's work;

- The rent review clause within the stall holder lease document allowed the rent to be uplifted annually in line with RPI. This resulted in a considerable number of long-term occupiers being charged rent that was considered to be above market rent. With the approval of the Management Group, Property Services and the Managing Agent carried out a review, aligned to the rates payable for each stall, which resulted in a significant number of tenants receiving a rental reduction.
- Tenants were occupying under a number of various different types of leases and licence agreements, with a number 'holding over' on expired agreements. The Management Group approved a standard new lease agreement and over the past two years both current and new occupiers have been placed on 'easy-in/easy-out' lease agreements. The new agreements are written in plain language and provide clarity for all occupiers regarding their commitments and liabilities relating to their occupation.
- The Managing Agent together with Property Services has arranged face to face meetings with tenant's representatives with a view to encouraging the formation of a formally constituted Tenant Association. Although it has taken some time to stimulate tenant's interest, over 20 names have now been received by the Managing Agent as interested parties to form the Association. The Managing Agent is now working with the Tenants to agree a formal constitution to allow the group to be formalised. This will aid communication and give the tenants a clear channel in which to discuss and pursue issues and concerns and present ideas.
- The Managing Agent, with the approval of the Management Group, have recently updated the 'letting policy' for the stall holder area to reflect current and more effective estate management practices. This policy is attached to each agreement and acts as a guide for all stall holders.
- Ways in which the Asset can be developed and offer grown is a constant of the discussions of the Management Group. A number of recent ideas and potentials for

growth have been discussed and will now be explored more fully outside the Management Group meetings directly with Members, the Corporate Director of Economic Development, the Council's Asset & Investment Services Manager, and the Managing Agent.

### **3.0 CONCLUSION**

- 3.1 Due to the specialist nature of the facility and its occupiers, the management of the asset is resource intensive. However, the Council's Managing Agent has considerable experience in managing an asset of this nature and this is supported by an on-site, front facing, Market Hall Manager who has been in post for many years.
- 3.2 The Council's Property Services has regular contact from the Managing Agent when queries arise that cannot immediately be resolved by the Market Hall Manager, to ensure issues are quickly attended to. As such the Council has built up an excellent working relationship with the Managing Agent.
- 3.3 The Managing Agent's Senior Surveyor is present at every Management Group Meeting to present his detailed report with the report being circulated in advance to all members of the Management Group.
- 3.4 The Managing Agent's feedback and ideas are considered at every stage of the decision making process relating to any potential development and growth of the facility and its offer.

### **4.0 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

- 4.1 The proper management of the Council's property resource makes an essential contribution to the achievement of the Council's action plans and priorities.
- 5.2 Supports business growth by providing quality space and improves economic prospects for the people of Carlisle.

**Contact Officer: Barbara Vernon**

**Ext: 7422**

**Appendices None  
attached to report:**

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

**CORPORATE IMPLICATIONS/RISKS:**

**Deputy Chief Executive's – none**

**Economic Development – none**

**Governance& Regulatory–. Contained in the report**

**Resources – There are no financial issues arising from this report**