**Market Sounding Notice - Newcastle City Council, Grainger Market**

**7th March 2018**

This is not a call for tenders or a pre-qualification exercise – this is notice of a Market Sounding Exercise.

Newcastle City Council wish to carry out a Market Sounding Exercise aimed at establishing market capability to deliver a managed service or strategic plan which can provide a significant and positive impact in further developing our current operational model for the Grainger Market.  We want to open a dialogue with potential supply chain parties who may be interested so that we can use the information gathered to inform our future thinking and aspirations in planning our approach.

**Newcastle as a City**

Newcastle is a vibrant City with a growing diversity and a strong and developing city centre which we plan to make better than ever. New business districts, new jobs, new homes and new connections. We’re growing, changing and investing in tomorrow as we believe that great cities don’t stand still.

Great cities draw in talent, and those people become part of the city story as it unfolds. Newcastle is such a place.

It’s a beautiful city. Some might say iconic, but with a scale that makes it feel like home, even if you’ve only just arrived.

Steeped in history but also sparkling with the energy of a bright future that’s playing out, right before our eyes.

We’ve got two hugely successful universities right in the heart of the city, making students, graduates and knowledge workers a critical part of the mix. And at its centre, Newcastle is as restless as ever in the pursuit of progress.

**Objective**

The Council are keen to ensure the Grainger Market remains at the heart of its community. Whilst at this stage this is not an invitation for formal expressions of interest, Newcastle City Council wish to invite experienced market and retail management companies, market and retail consultants or indeed current stallholder groups to participate in a market sounding exercise. The aim is to gain industry insight on whether you possess the necessary skills, capacity and knowledge to manage or strategically plan further development options for the future operation of the Grainger Market to:

* Evolve the service and ensure its sustainability
* Further maximise income

In developing feasible proposals, they need to reflect upon the Council’s desire to work cooperatively and be sensitive of stallholder’s historical presence in the market.

**Background - The Grainger Market**

Newcastle's Grainger Market is a traditional indoor market in the heart of Newcastle upon Tyne.

It is centrally located and benefits from excellent public transport links with a Metro station and bus terminals located within the immediate vicinity. Newcastle has a population of approximately 285,000 and receives 85,000 commuters per day into the city

The market opened in 1835, is a Grade 1 listed building – one of the largest of its kind - and is currently owned and operated by Newcastle City Council.

The main market units are arranged over 4 alleys plus a glazed Arcade which in total comprises 104 fixed units and is open 6 days a week Monday to Saturday

The market is clean with a welcoming atmosphere and provides a positive shopping experience, a social meeting place, and attracts footfall of almost 6.5 million per annum.

There is a wide mix of tenants in the market from street food, cafes, clothing, Marks & Spencer’s Penny Bazaar, specialist shops, fresh foods, and services. There is clear consideration given to retaining quality, good customer service and a balance and variety of offer. This ensures that the market retains its diversity and popularity. Occupancy levels are far in excess of the national average

The Grainger Market continues to be very popular with shoppers and has been awarded TripAdvisor Certificates of Excellence for 2016 and 2017. It is currently rated the 13th best place to visit and the 2nd best place to shop in Newcastle and has lively social media accounts.

The market has an events space in the Arcade area which is currently used to host events each Saturday (arts /crafts/vintage fairs), children’s activities during school holidays, community/health events and student food tours to name a few. .

We aspire to see the development of its night time economy to give the Market a stronger profile in the City, generate increased income and continue to raise its profile to attract new shoppers. We have hosted (in partnership with our traders) three extremely successful night time events/markets and plan to do more. Social media support has been excellent and the 1st December 2017 night attracted 11,000 footfall

**Investment**

We continue to refurbish units as and when they become vacant to specific design guidelines. Over the past two years we have invested around £75k of capital which has been funded from prudential borrowing, repaid from rental income.

In 2016/17 we refurbished all 14 entrances, spending £800k, again funded from prudential borrowing, and we continue installing new inner gates as part of this scheme. Further capital investment to protect this unique heritage asset is now essential. Detailed building surveys conclude that the Arcade glazed/barrelled roof has come to the end of its serviceable life and requires repairs and replacement not only to protect the buildings heritage and reputation, but also to sustain the Grainger Market as a source of income to the Council.

In June 2017, the Council committed to fund circa £2.7m via Prudential borrowing, to carry out essential works to the Grainger Arcade glazed roof. This includes replacement of glazing (with solar control) and glazing bars, re-instatement of ventilation louvres, upgrades for Fire Safety, refurbishment of barrel roof, removal of asbestos, work to high level windows and installation of LED’s.

The roof refurbishment will not only provide a safe environment for visitors to the Market but will also demonstrate the City’s commitment to protecting and enhancing this important heritage asset

Construction works are planned to start on site in spring/summer 2018, and are to complete in 9 months. The Grainger Arcade will remain open for business throughout the works.

The prudential borrowing repayments will be funded from rental income which in turn relies on the successful continuing operation of the Market. The scale of the prudential borrowing in comparison to the annual rental income will put a financial pressure on the Grainger Market. The funding gap is projected to peak in 2019/20 at around £260k, based on current information. In order to maximise future income, we need to explore different operating models so that we can fully understand how activity and animations can be extended to include evening events and full weekends to widen the appeal and increase footfall and dwell times to secure the long-term sustainability of the market

**Financial information**

The rental income from the Grainger Market makes a positive contribution to the City Council’s revenue budget but the City as landlord also has a responsibility to maintain the Grainger Market and ensure it is safe for the 124,000 visitors each week

**Market Sounding Event**

A two-stage process.

**Stage 1**

An invitation to a presentation and tour on 7th March 2018 where we will share information with interested parties regarding the current position. Please complete and sign the attached NDA in advance and bring along with you on the day.

This will be held in the Bewick Hall in the City Library, Charles Avison Building, 33 New Bridge Street West, Newcastle upon Tyne, NE1 8AX

Please note, there are no Parking Facilities at the Library (there are several City Centre public car parks nearby)

10:00am - Meet and greet with Newcastle City Council Officers

10:15am – Brief presentation and handout from Newcastle City Council

10:45am - Questions and answer session

11:30am -Tour of the Grainger Market

12.30pm approximately - Finish

Please note that we will welcome feedback throughout the day.

In order to control numbers we would request no more than 2 representatives per company please.

The presentation and handout will contain the following:

* Footfall figures for 2017
* The range of rents currently achieved
* Brief history
* A schematic plan of the market
* A list of current traders by genre
* Trader directory
* Summary of most recent customer and Trader survey
* Tenant Mix Policy
* Market Rights Franchise
* Operational considerations

**Stage 2**

In approximately 4 weeks we plan to meet interested individuals face to face.

During these private sessions we will be seeking information on how your organisation could feasibly evolve the Grainger Market service operation and further maximise income.

You can register you interest in the market sounding event as follows <https://procontract.due-north.com/Register>

Please confirm your attendance by emailing Janine.cooper@newcastle.gov.uk

Complete the attached Non-Disclosure Agreement in advance of the event.

**Why Participate**

The benefits to your organisation:

* The chance to assess whether this opportunity will be of interest.
* The opportunity to prove to the Council that you could manage the operation or provide strategic advice to develop/deliver a formula to improve the market
* Assurance that we will seriously consider all suggestions and feedback.
* The chance to raise any concerns or issues regarding the potential opportunity to enable you to make considered decisions and suggestions.
* Should the Council decide to procure these services then by being part of this process means specifications can take account of your feedback to ensure they are realistic and market-focused.

**Next Steps**

Following completion of this exercise the Council will comprehensively assess supplier’s reactions and feedback and make a decision on how it proposes to advance its market operation.

There is no guarantee that following our options appraisal the decision will be to externalise the strategic planning or management of the Grainger Market but whatever the outcome we will write to all attendees outlining our plans.