

Report of: The Head of City Centre & Markets

Report to: Director of City Development

Date: 15 February 2012

Subject: Staff Restructure of Markets Service

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): City & Hunslet		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: Appendix number:		

Summary of main issues

1. The Markets service needs to undergo a staff restructure, to ensure that it can meet the required standards for cleanliness, maintenance, waste removal and processing and administration and to raise the profile of the Markets in order to attract more customers.
2. The service has an urgent need to reprofile shift patterns, and to look at alternative ways of cleaning and maintaining the site, to cope with changing opening hours and the demands of modern retailing, which now include all day Wednesday and may in the future require later evening opening and even Sundays;
3. Customer and non-customer surveys have identified that longer opening hours are key to ensuring that the markets can compete with other city centre retail destinations;
4. Although footfall figures are holding up well during the recession, spend is down, meaning it is vital to attract a) more customers and b) customers who spend more per visit.
5. In May 2011, the director of City Development gave approval for officers to undertake consultation with staff, unions and other stakeholders and this has now been completed.

6. As a result of this restructure, no existing employee loses their job; new career grades have been created to enable progression at shop floor level, and some urgently needed additional support will be put in place to ease the burden on currently overloaded staff. In addition the ongoing ad hoc employment of agency workers will cease, with some posts replaced by permanent staff giving greater continuity of service and reducing risks of urgent closure.
7. Whilst this restructure addresses the immediate requirements of the service, deals with the need for greater Wednesday cover, and enhances the level of service, there is a further requirement to introduce a night and Sunday cleaning team to meet the need for overnight deep cleaning and out of hours access described later in this report. This is a separate project and will be addressed following implementation of the staffing structure and following further discussions with the Council's Cleaning Services management team.

Update

8. Trade Unions have been fully consulted on the proposed restructure and following lengthy negotiations have now agreed the proposals.
9. The proposals have been discussed with staff through union meetings, group sessions, team meetings and on a one to one basis (although the latter has been with the caveat that final approval to implement has not yet been received).
10. Trader representatives have been made aware of the proposals for restructure and the reasons for doing so, including the need to address cleansing in a different way in order to improve the level of service and the retailing environment.
11. Until a cleaning exercise is completed the current arrangements utilising overtime and agency staff must remain in place to ensure the current level of service is maintained. However, it should be noted that from the 1 October 2011, employment legislation has changed to protect the rights of agency workers, in that workers undertaking a continuous work of 12 weeks or more become eligible for a) the hourly rate applicable to the post covered (assuming they are fulfilling all the tasks of that post) and b) holiday and statutory sick pay. As the Markets service relies heavily on- agency workers currently, and cannot easily replace those in situ without placing an additional burden on existing permanent staff due to the training and site knowledge required, this is now having a major impact on staffing budgets. Therefore it is vital to implement the staff restructure as soon as possible to keep those costs under control and get permanent staff in place that are trained to do the job.

Recommendations

12. The Director of City Development is required to approve the proposed staff restructure of the Markets service.

1 Purpose of this report

This report sets out the rationale for the proposed staff restructure of the Markets service and seeks approval for implementation.

2 Background information

- 2.1** The vision for the Markets service is to be the best in the country, delivering a dynamic, profit making service which supports entrepreneurship and invests in the independent retailing sector to create a vibrant alternative to mainstream retail shopping. In particular, the vision for the Kirkgate site is an attractive, welcoming and high profile shopping destination for local, regional, national and international shoppers and visitors.
- 2.2** The Markets service is responsible for managing and developing the council's retail markets, street trading and licensing commercial markets in the Leeds district including:
- Kirkgate Indoor and Outdoor Markets – in the city centre attracting over 10 million visitors annually;
 - District markets of Otley, Pudsey and Yeadon;
 - Farmers markets at Leeds, Otley and Pudsey and speciality Sunday markets;
 - Private or commercial markets including the successful Asian Bazaar at the Kirkgate site;
 - Street trading in the city centre and at Elland Road;
 - Trading from the Highways (in partnership with Environment & Neighbourhoods).
 - In conjunction with Leisure Services, the Christkindlemarkt on Millennium square and Briggate;
 - Car boot sales.
- 2.3** The service also works in partnership with other city centre retailers and with other Council services to maximise the impact of promotions and events (e.g. Leeds Loves Food, Leeds Loves Shopping), and works closely with the police to improve the safety of customers using markets.
- 2.4** Substantial investment is required at the Kirkgate market site to bring the buildings up to standard and to ensure a long term future for this part of the service¹. In the short term, this requires investment in repairs and systems upgrades and to make the site 'investment ready'; in the longer term, probably attracting new external investment, perhaps through a different model of ownership and management. The Markets service is responsible for generating a significant revenue stream for the Council, turning over c.£4m p.a. After deduction of overheads the service will return around £1.5m to the Council's budgets in 2011/12. Even should the service be allowed to ringfence a proportion of this money to reinvest in repairs it needs to continue to grow its income and its contribution to the Council.

¹repairs to the structure and safety systems totalling £1.7m of which c. £660k is for imminent works and the remainder, for essential works. A bid has been made to the 2011/12 capital programme for these monies. £200k has been made available in CPM budget with a further £400k brought forward from the reserve capital programme in 2012/13.

- 2.5** Recent consumer research and national trends show that the indoor market needs to extend its opening hours, and range of goods and services as well as better promoting its offer, to meet the needs of today's customer base and attract a new and more diverse range of shoppers; also to increase the number of repeat visits whilst raising the transactional value per visit by giving people reasons to stay longer and spend more.
- 2.6** It should be noted that a proportion of the costs of running the service and maintaining the building are recharged to tenants of the indoor market through the service charge, and, to a lesser extent, to outdoor market traders through the licence fee. It is therefore imperative that the service operates efficiently and obtains best value for money, and is transparent in the way it does so.

3 Main issues

- 3.1** The service wishes to restructure to a) ensure our sites meet customer expectations for cleanliness and maintenance and b) refocus resource on its priorities of generating more customers and more business start ups. For (a), as described above, as the Kirkgate indoor market moves to longer opening hours to meet the needs of modern customers, ultimately moving to a 20 hour a day, 7 day a week operation, previous methods of cleaning and servicing the site are no longer appropriate. Due to budget restraints it is not possible to employ more resource for shift work and therefore there is a need to undertake a separate project to introduce a night and Sunday cleaning and maintenance team which could be by way of externalising through contract the out of hours elements of cleansing and servicing the site. To achieve this, the service had proposed to use savings from its current structure; however posts have been deleted to meet efficiency targets. In total, the service has lost 3 staff to ELI and a total of 6 posts through efficiency targets in this financial year.
- 3.2** To release funds to compensate for this loss and help meet the funding needed for the night/Sunday team it is proposed to reduce the total number of shift workers from 14 to 12 (from 7 to 6 in each team), reducing the number of agency staff employed. Further savings are achieved by redesigning the job description of the facilities manager to allow out of hours working, with additional savings across other roles throughout the structure. Any net saving following restructure will be offset against the cost of introducing the aforementioned night/Sunday cleaning team, which will be confirmed following conclusion of negotiations with the in house provider.
- 3.3** To achieve economies of scale in addition to the introduction of the night/Sunday team the service is considering externalising other elements of the cleaning work currently undertaken, in the main, by agency staff specifically toilet and outdoor market sweeping. It should be noted that currently, the full cost of the markets staffing structure, plus the cost of additional agency workers, is charged to tenants through their service charge or daily toll, which is an established principle. Any new arrangement would reprofile this from staffing to another budget line – for example, Other Hired and Contracted Services. Traders have repeatedly lobbied Council that the levels of cleaning and maintenance are unsatisfactory under the current provision.

- 3.4** For (b), resource in-house to manage our web activity and growing social media presence, plus deliver a challenging events programme to bring new customers to the markets, is essential. A programme of activities, many undertaken jointly with CCM or with external partners (for example, the Corn Exchange) to obtain maximum value for money, is vital to ensuring the markets are able to hold their own against fierce retail competition, especially in the City centre. A key function for the proposed 1 x FTE project officer is the liaison with traders to develop offers and promotions.
- 3.5** Furthermore, key administration, customer service and financial management activities are currently undertaken by a range of staff, which impacts on their primary role and leads to a lack of coherence and co-ordination of these vital elements, potentially impacting on the service's ability to use its resources most effectively and efficiently, thereby, ultimately, affecting the 'bottom line'.
- 3.6** The Markets service currently operates a shift rota system for maintenance, security and cleaning, which covers 06:00 to 20:30 hours Monday to Saturday, excluding Wednesdays when only one shift is operational, the indoor market having traditionally been closed on Wednesday afternoons.
- 3.7** Operationally, the Markets service has to find a way to effectively clean and maintain the indoor market halls, with the majority of this work needed out of core trading hours. Previously, this would have been undertaken either on Wednesday afternoons (when the indoor market was closed) or on Sundays. However, now that the market trades a full six days per week, with specialist markets to commence on the outdoor site on most Sundays, it is no longer feasible to undertake works in the indoor and outdoor markets on Wednesdays and the outdoor market on almost all Sundays. To further complicate matters, traders who previously would have done works to their stalls on Wednesdays now come in on Sundays. This means that the indoor market is rarely unoccupied for long enough to undertake deep cleaning, maintenance and repairs safely without either public or traders being around.
- 3.8** In terms of cost and value for money, to take on permanent employees within the Markets service to work either mainly or partly overnight gives little or no capacity to cover sickness or other absence which could leave the operation, and therefore the trading environment, at risk of temporary closure.
- 3.9** For some years now, the Markets service has relied heavily on an agency workforce to 'take up the slack' in a cost effective manner. However, with the introduction of greater rights for agency workers from October 2011, this is no longer an affordable option. From the 1 October 2011, employment legislation has changed to protect the rights of agency workers, in that workers undertaking continuous work for 12 weeks or more become eligible for a) the hourly rate applicable to the post covered (assuming they are fulfilling all the tasks of that post) and b) holiday and statutory sick pay. As the Markets service relies heavily on agency workers currently, and cannot easily replace those in situ without placing an additional burden on existing permanent staff due to the training and site knowledge required, this is having a major impact on staffing budgets. Therefore it is vital to implement the restructure as soon as possible to keep those costs under control and get permanent staff in place that are trained to do the job.

- 3.10** The implementation of the restructure, and following on from this the introduction of a night/Sunday team, will enable the Market service to addresses these significant challenges.
- 3.11** Whilst the service works closely with the communications team to ensure that any positive stories are distributed to the press and media, and that any challenges to the Council's reputation relating to the markets is dealt with quickly and professionally, the central resource has neither the remit nor the resource to manage the markets' increasingly important social media presence, nor to design and deliver events and promotions to attract new customers to the markets and alter perceptions positively. These elements are vital in meeting the challenge of positioning markets, and especially Kirkgate market, as retail and visitor destinations offering quality goods and services. For Kirkgate market, this is particularly important due to its city centre location, where it must compete for shoppers and spend with major private sector retail destinations which have big marketing budgets and money to invest in their asset to provide a modern, welcoming shopping environment. The need for greater promotion forms one of the recommendations of the recent Scrutiny inquiry into markets (June 2011).

4 Operational Restructure

- 4.1** Against this background of reduced budgets, the most operationally viable and cost effective way forward requires a substantial part of the operation - the regular deep clean, out of hours access for traders and contractors, outdoor market sweeping and toilet cleaning - to be delivered via a contract arrangement in order to meet and maintain both operational and financial efficiency standards.
- 4.2** Following the introduction of all day Wednesday opening in the indoor market the Market attendants have been working their days off on overtime to ensure cover. Therefore to make best use of the existing staffing resource, it is also proposed to introduce a two-shift system on Wednesdays, to bring it into line with other trading days. This will mean that both shifts will have a rotating day off (including Saturdays) instead of being bound to Wednesdays when working the late shift.
- 4.3** In addition, the requirement for occasional stand-in chargehands, which is not currently covered by a formal arrangement, will be formalised to create two posts of assistant chargehand, on a career grade. Chargehands are the 'shop floor supervisors' who lead each shift, so it is vital to be able to cover this role at all times. To incentivise existing attendants and also to help meet our operational targets, e.g. for recycling, all other attendant grades at A1 will become career grades A1/A2.
- 4.4** Facilities Manager: The recent retirement of the Maintenance manager has given scope for change which has allowed the post to be reprofiled as a facilities manager, covering both cleansing and maintenance functions and providing an element of on-site project management. The postholder will be required to work every Saturday and also out of hours occasionally where necessary, for example to carry out spot checks on the future overnight cleansing operation, to oversee works on Sundays and Bank Holidays from time to time and to respond to out of hours emergency calls. There has also been a saving by downgrading this post from PO3 to PO2+1 SCP for Saturday working. This has only been possible by removing the substantial element

of finance transactional, and administrative work from the role through the creation of the post of Administration and Finance Supervisor (see para 5.1 below).

- 4.5** The detailed flow charts at Annex A and B to this report show the comparison between the existing and proposed structures.

5 Non-operational staff restructure

- 5.1** Administration and Finance Supervisor: It is proposed to amend the existing post (currently vacant) of Administration and marketing manager, to an SO1 post which will have day to day responsibility for the efficient running of the Service's Information Centre, physical and electronic filing systems, and day to day processing of financial transactions, thereby relieving other officers of these functions and enabling them to concentrate on their core duties. The postholder will also provide secretarial support to the markets manager, who has none at present.
- 5.2** Project Officers: As described in 3.4 above, the service requires dedicated support for its vital and growing online and social media presence, and to deliver events and promotions on and off site to raise awareness of the markets and attract new customers to shop at markets. A key function of this post is the relationship management with traders and trade networks to develop promotions and offers which drive footfall to the market. This has been shown to be successful as the marketing strategy for 2011/12 has been a key element in the increased footfall to the market of an average of 4% against the same week the previous year, an excellent result when city centre footfall is falling. The proposal is for 1 x FTE which could be two half-time posts who would also be expected to cover holiday and sickness absence wherever possible, for their counterpart.
- 5.3** Customer Service Assistants: The Markets Information Centre is the first point of contact for customer, trader and potential trader enquiries, and deals with a high volume of clients six days per week. For some time, the service has been relying on two agency staff to provide this cover. Not only does this need formalising into permanent posts to reduce the business risk if they leave at short notice, but the Council-wide requirement to reduce agency staff is not being met in this area. The proposal is to create two 0.8 FTE posts which will each work 4 days over 6, ensuring cover across all trading days with some capacity for crossover and additional administration support to the rest of the team. These posts cover Information Centre opening between 8am and 6pm, Monday to Saturday which also allows the operation of the markets' award winning Shop & Drop facility where customers can leave their shopping in a chiller room for collection up to 6pm.

6 Corporate Considerations

6.1 Consultation and Engagement

- 6.2** The Trade Unions have been fully consulted on the proposed restructure and following lengthy negotiations have now agreed the proposals.
- 6.3** The proposals have been discussed with staff through union meetings, group sessions, team meetings and on a one to one basis (although the latter has been with the caveat that final approval to implement has not yet been received).

6.4 Trader representatives have been made aware of the proposals for restructure and the reasons for doing so, including the need to address cleansing in a different way in order to improve the level of service and the retailing environment.

6.5 Three elements of the restructure will run concurrently:-

1. Slotting in those staff whose roles have not altered;
2. Appointing staff to posts ring-fenced to them;
3. Recruiting vacant posts. The vacant posts will be offered, in the first instance, under general ringfencing arrangements within the Service, to run concurrently with (2) above, as none of these are earmarked for existing markets staff. This will help to reduce the timescale for recruitment of these vital posts. If unfilled they will be offered for redeployment, and if no suitable matches are found, they will be offered through internal recruitment (which includes agency staff who qualify under Agency Worker Regulations). If this is also unsuccessful the posts may go to external recruitment.

6.6 Equality and Diversity / Cohesion and Integration

6.7 An Equality Impact Assessment has been carried out on the above proposals. This document can be found on the Council's **website www.leeds.gov.uk**

6.8 Council Policies and City Priorities

6.8.1 The proposal meets with the Council's published priority to make Leeds the best city for business;

- Supporting the sustainable growth of the Leeds economy;
- Raising the profile of Leeds, nationally and internationally.

6.8.2 The proposal is in line with the Council's Business Plan Priorities;

- Creating the environment for effective partnership working;
- Marketing and promoting the City;
- Delivering major projects (e.g. Kirkgate Market).

6.8.3 The proposal also meets with the Council's objectives to reduce numbers of agency staff, and to centralise procurement activity for goods and services.

6.9 Resources and Value for Money

6.9.1 The staff restructure proposals outlined in this report will cost an additional £12,980 above the budgeted costs in a full year, this will be resolved by future management of a combination of overtime and utility team cover.

6.10 Legal Implications, Access to Information and Call In

6.10.1 There are no implications under this section.

6.11 Risk management

- 6.11.1 Without the resource to promote itself to attract new customers and businesses to the market, the likely result will be an ongoing decline in footfall, closure of existing businesses and difficulty in attracting new ones. This would impact adversely on Kirkgate market's attractiveness to potential investors which is a key strand of the strategy for the markets going forward.
- 6.11.2 Likewise if following the staff restructure the Market service does not change the way that cleaning is delivered, the service can no longer operate safely and efficiently whilst extending opening hours (includes new Wednesday afternoon opening).

7 Conclusions

- 7.1 In order to deliver an effective and efficient Markets service which meets the needs of shoppers, visitors and traders, the service must implement the staffing structure, and following this should also undertake a best value procurement exercise for the cleaning operations at the Kirkgate site in full consultation with LCC Cleaning services.

8 Recommendations

- 8.1 The Director of City Development is requested to approve the proposed staff structure of the Markets Service.

9 Background documents

- 9.1 Executive Board reports:

- 15 December 2010: *Towards a Strategy for Kirkgate Markets*
- 27 July 2011: *The Strategy for Kirkgate Markets*

- 9.2 Scrutiny Board Inquiry report: Published 18 May 2011 - Review of the Future of Kirkgate Markets

- 9.3 Equality Impact Assessment

- 9.4 Consultation report *Leeds Markets Survey* by QA Research, 18 March 2011

10 Appendices

Annex A : Flow diagram of existing structure

Annex B: Flow diagram of proposed structure