



House of Commons
Communities and Local
Government Committee

***Market Failure?: Can
the traditional market
survive?***

**Correspondence
relating to the
Committee's Ninth
Report of Session
2008–09**

**First Special Report of Session
2009–10**

*Ordered by the House of Commons
to be printed 30 March 2010*

Communities and Local Government Committee

The Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Communities and Local Government and its associated bodies.

Current membership

Dr Phyllis Starkey MP (*Labour, Milton Keynes South West*) (Chair)
Sir Paul Beresford MP (*Conservative, Mole Valley*)
Mr Clive Betts MP (*Labour, Sheffield Attercliffe*)
John Cummings MP (*Labour, Easington*)
Andrew George MP (*Liberal Democrat, St Ives*)
Mr Greg Hands MP (*Conservative, Hammersmith and Fulham*)
Anne Main MP (*Conservative, St Albans*)
Dr John Pugh MP (*Liberal Democrat, Southport*)
Alison Seabeck MP (*Labour, Plymouth Davenport*)
Andy Slaughter MP (*Labour, Islington South and Finsbury*)
Mr Neil Turner MP (*Labour, Wigan*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/clgcom.

Committee staff

The current staff of the Committee are Huw Yardley (Clerk of the Committee), Sarah Ioannou (Second Clerk), Josephine Willows (Inquiry Manager), Emma Gordon (Committee Specialist), Lorna Horton (Senior Committee Assistant), Nicola McCoy (Committee Assistant), Stewart McIlvenna (Committee Support Assistant), and Hannah Pearce (Select Committee Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Communities and Local Government Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 1353; the Committee's email address is clgcom@parliament.uk

First Special Report

On 23 July 2009 the Committee published its Ninth Report of 2008-09, *Market Failure?: Can the traditional market survive?* (HC 308-I). The Government published its Response on 12 October (Cm 7721). We wrote to the Department noting that it had addressed only 14 of our 32 conclusions and recommendations in the Response, and asking two questions about some of the material published in the Response. We received a reply from the Minister for Local Government on 28 January indicating that the Local Government Association (LGA) was considering a response to the remainder of our conclusions and recommendations on behalf of local authorities. We received a letter from the LGA on 17 February. We received a further reply from the Minister on 16 March responding to our questions and updating us on related matters. We publish here the letter from the LGA and the letter of 16 March from the Minister.

Appendix 1: Correspondence from Rt Hon Rosie Winterton MP, Minister for Local Government

16 March

Thank you for your letter of 7th December 2009 to John Denham about the Government's response to your report on traditional retail markets, including the Committee's concern that it only covered the recommendations addressed to central government and not those for local authorities.

I contacted Dame Margaret Eaton, Chair of the LGA, and I'm delighted to see that LGA have now responded to you directly, welcoming the Committee's report and recognising the economic and social benefits that markets can bring to an area. The LGA's letter also addresses the recommendations aimed at local government.

As we said in our response to the report, we also welcome the Select Committee's report and are taking forward the implementation of those recommendations applicable to Central Government. However, I do not intend to dictate to Local Authorities that they implement the recommendations aimed at local government, as they are responsible for prioritising funding within their area. I am happy to clarify the two matters mentioned in your letter and update you on the progress made since our response.

The measures listed in paragraph 7 of our response (Small Business Support) are designed to assist the retail sector in general, not specifically markets, but there have been two successful applications for Enterprise Finance Guarantee (EFG) backed loans, totalling over £28,000, in the stalls and markets sector, for example.

The EFG scheme provides targeted support for viable firms who are otherwise unable to obtain credit. Markets and market traders are able to pursue commercial loans, which may be EFG backed or not.

Market traders and operators can also receive a free Business Link 'Health Check' for an impartial, objective assessment of business performance – of both an individual stall and a complete market.

In response to your point about the inter-Departmental Working Group, I attended the first meeting of this group on 1st December 2009. The Agenda was set by Government with input from the Industry. The aim of the Group is to:

- Raise the profile of street, covered, farmers' and country and social enterprise markets with Government Departments and local government and show how markets can contribute to the vitality of our town centres and a range of other policy objectives;
- Provide a forum to discuss policies that may affect markets;

- Provide a forum for discussion of how all parties can work together to communicate the benefits of markets to a wider audience; and
- share best practice, for example, case studies where markets are prospering and learn lessons where they are not going so well to ensure markets contribute to policy objectives, where possible.

Since the meeting, officials have had further discussions with the industry and set up ad hoc project groups to:

- develop a good practice guide that will be directed both to markets managers and the market trader representatives;
- develop skills and encourage new market traders in market business support and develop entrepreneurship skills for existing traders; and
- consider alternative market management models.

The project groups have all met once and will meet again by the end of March.

In my role as the Ministerial Champion for Markets, I have been visiting markets to understand the issues that are of concern to traders and managers. My officials have also undertaken a series of visits, and will continue to do so, and the agenda for Working Group meetings is based on our discussions with Industry representatives and Government colleagues. We said in our response to the select committee report, that the Working Group would meet around two or three times per year, subject to issues arising.

I visited Mansfield Market on Monday 15th March to launch a leaflet, aimed at market traders, that gives information about the business support available to them, and intend to attend the next meeting of the Working Group with Jim Fitzpatrick on 24th March.

You will also be aware that we announced the publication of Planning Policy Statement 4 (PPS4): Planning for sustainable economic growth, which maintains our strong policy approach to markets, at Doncaster Market at the end of last year. As part of this, PPS4:

- Recognises that street and covered markets (including farmers' markets) can make a valuable contribution to local choice and diversity in shopping as well as the vitality of town centres and to the rural economy;
- Requires local authorities, as an integral part of the vision for their town centres to seek to retain and enhance existing markets and, where appropriate, re-introduce or create new ones; and
- Asks local authorities to ensure that their markets remain attractive and competitive by investing in their improvement.

The London Local Authorities Bill (Recommendation 14) had its report stage in the House of Lords (including amendments made in Committee), and a formal first reading in the House of Commons at the beginning of December. A second reading without debate has repeatedly been blocked and will require a debate.

In the amended Bill presented to the House of Commons, London Councils have dropped the clause which would have allowed London Boroughs to delegate their management of street markets to a third party (market manager), due to concerns from the street market sector about the details of the proposed legislation. However, the Bill continues to include clauses related to specific street trading rules in Westminster and Camden to improve enforcement and allow the Councils to seize equipment where necessary.

The ad hoc project group on good practice will consider the special nature of London markets, lessons learnt and initiatives in London.

I thought we had a good meeting of the APPG on retail markets on Wednesday and I shall be happy to send further periodical updates on the progress we have made on the Select Committee's Recommendations and arrange meetings for you with my officials and industry representatives if this would be helpful.

Appendix 2: Correspondence from Councillor David Sparks OBE, Chair of the Regeneration and Transport Board, LGA

15 February

The LGA welcomes the CLG Select Committee report, Market Failure, and the related creation of the CLG markets working group. We welcome also its strong engagement with market authorities. I understand that you recently wrote to Rosie Winterton, asking that the Government respond to all the recommendations raised in the report. In turn, the Minister wrote to me asking that the LGA respond to those recommendations in the report that refer to local authorities. I hope this letter will suffice in this respect.

The Select Committee report rightly notes that the picture of local authority support for markets varies greatly across the country. We also agree that there are great economic and social benefits that markets can bring to a local area. However, we must also acknowledge that local authority support for markets is one of many competing interests and factors that local authorities must address, with regard to their particular local situation. The current difficult public spending environment means that councils are looking continually at all their services and expenditure, and local markets will receive stronger support where they contribute efficiently to the wider strategic priorities of the local council. With this in mind, can I offer the following comments on the Select Committee's recommendations, brigaded under the three key areas:

The strategic place of markets in relation to the local authority (recommendations 5, 10, 12, 15, 22)

The LGA agrees that, to properly thrive, markets should be considered within local strategic plans. This will ensure that the benefits they can bring both as sources of employment, innovation and fresh local produce, as well as in acting as social and community hubs, can be recognised by all local strategic partners. Where appropriate, such plans can also help partners to engage with and support markets to help deliver local priorities as articulated in those strategic plans.

With specific regard to recommendation 5, we believe that the new Local Economic Assessments that councils are under a duty to produce from April 2010, rather than a specific and stand alone markets plan, might be the best mechanism for achieving this end. The LGA advocates a spatial, holistic view of local economies, rather than a silo or sectoral approach that might otherwise be achieved. We note, though, that individual authorities will choose the most locally appropriate option.

The funding and support of markets (recommendations 4,7,8,9,16)

Council finances, like those right across the public sector, are under substantial pressures at present. Whilst we accept the many potential benefits of a strong market offer that are identified in the report, councils will need to have regard to a range of competing issues

and interests when addressing investment in, and financial support for, markets. Issues such as potential reductions in fees offered to not-for-profit market operators can only be taken in this context.

We are confident that councils will consider all available funding options that are open to them, including those set out in recommendations 7, 8 and 9. Nevertheless we commend these as examples of good practice in funding, and potential solutions that councils may wish to consider.

Operational considerations (recommendations 3,17,18,19,20,21)

The Select Committee's recommendations on the issues of location, co-location and the employment and deployment of market operators and consultation with market traders are all examples of good practice in the operation of markets. The LGA is happy to endorse these as such.

Recommendations 13 and 14 are properly issues for the London Boroughs to consider, both independently and collectively through London Councils.

Regarding recommendation 11, which calls on the LGA to “work with local councils and NABMA to develop the post [of Markets Champion] so it has a clear and prominent role that adds real value to local council efforts to improve market management”, I refer back to the warm welcome that NABMA and Dave Goddard received recently. We discussed at that meeting the engagement of LGA Special Interests Groups with the LGA, and I undertook to raise this issue at the LGA Executive in future. The LGA constitution does not make provision for the formal creation of champion role. Nevertheless, I am confident that Dave will use his position on the CLG Markets Working Group and the ear of the LGA Regeneration and Transport board to make sure this issue continues to receive the attention and profile it deserves.

March 2010