

Subject: Revitalising Rossendale Markets

Status: For Publication

Report to: Cabinet

Date: 21st January 2009

Report of: Deputy Chief Executive

Portfolio

Holder: Communities and Neighbourhoods

Key Decision: No

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

- 1.1 To outline the challenges in managing Rossendale's 3 markets, and to put forward recommendations for approval of Cabinet to improve the efficiency of the day to day running of the markets with a view to making them a more sustainable asset.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering Quality Services to Customers
- Delivering Regeneration across the Borough
- Keeping Our Borough Clean and Green
- Promoting Rossendale as a cracking place to live and visit
- Improving health and well being across the Borough
- Well Managed Council

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Failure to implement the recommendations is likely to lead to the continuing decline of the markets in Rossendale and they may become an unsustainable drain on council resources.
- Failure to meet the objective to have a fair and transparent collection of rents could result in us failing to deliver our corporate priority of quality services to our customers, which includes stallholders.

- Failure to review the current financial situation will result in the council increasingly subsidising the markets (on an operational and capital basis) in both the short and long term.
- Failure to approve any or all of the recommendations may lead to an inefficient and badly run market which will dramatically reduce the quality of service provided to both customers of the markets and stallholders.
- An immediate increase in charges so the markets can breakeven would be substantial. Traders have indicated that economic conditions are too difficult for traders to withstand such an increase.

4. BACKGROUND AND OPTIONS

- 4.1 There are 3 Markets in Rossendale:- Bacup, Haslingden & Rawtenstall. The Market in Bacup is situated on Union Street, in the town centre. It is a modern outdoor market comprising 26 cabins and 4 blocks of open stalls. Haslingden Market is of similar construction, but smaller, with 12 cabins and 2 blocks of open stalls. It is located on Blackburn Road, in the centre of Haslingden. This market was built with SRB (Single Regeneration Budget) funding. Rawtenstall Market can be found on Newchurch Road, at the edge of the town centre. It comprises an indoor market hall with in the region of 50 stalls and an outdoor area of 20 cabins and 14 open stalls.
- 4.2 A recent review of practices and procedures has highlighted a need to refresh and reinforce the Council's current practices and procedures to ensure they are robust enough to withstand scrutiny.
- 4.3 Previously consultation with traders and Councillors in relation to the markets has taken place in the form of the Market Liaison Group, whereby traders' representatives were democratically elected to represent other traders and meet with Council Officers and Members. No trader put themselves forward as a representative this year and therefore the group currently consists of Council officers and members only.
- 4.4 It is hoped that the Council can work towards a 'friends of the markets' group which would be self-managed and supported by Officers, working towards an improvement plan for the markets.
- 4.5 The standard set for markets policy and operations is the criteria which markets are judged on as part of the Best British Market competition and includes:- Marketing; Finance & Budgetary Controls; Operational Standards; Customer Services; Market Development; Staff Development; Trader Liaison and an ability to determine the future – today.
- 4.6 It is felt that the Markets would struggle to fulfill many of these criteria. The underlying aspiration of this report is to bench mark the Markets against the Best British Market (or equivalent) competition standards.

Market Finances

- 4.7 Currently the three markets operate at a deficit in cash terms of £35,000. When taking into account the cost of capital and other associated non cash costs the total deficit is £102, 501.
- 4.8 When considering the deficit including cash and non cash expenditure, Haslingden currently runs at the highest deficit of £39,556; Bacup has a deficit of £29,180; Rawtenstall has a deficit of £33,765. A key consideration is that when only having regard to cash expenditure such as repairs, staff expenses and utilities, Rawtenstall market has a surplus of £289 whilst the other two markets remain in deficit (Haslingden £26,302 and Bacup £9,579).
- 4.9 Key factors leading to this deficit are:
- Stallage fees are payable by traders on either a daily, weekly or monthly basis. These stallage fees and utility charges have not been reviewed for at least three years. Therefore all traders are currently paying fees at the same level as 2005.
 - Since 2005 utility charges have been steadily increasing, and in Oct 2008 the Council entered into a two year contract for the utilities which has resulted in a 59% increase in electricity costs. The current undercharge to the traders is therefore £21,000.
 - No fair or transparent pricing policy.
 - There are currently empty stalls on all markets which could, if rented out, provide additional income, however due to current customs and practices which create barriers to allocating stalls, it is difficult to fill these stalls.
 - The markets have no identified advertising and promotion budget and as a result minimal promotion is carried out.

Stall Allocation

- 4.10 The current practice of stall allocation on Rossendale Markets is:

Market	Allocation of Lines	Waiting list
Haslingden	1 of any line	2
Bacup	1 of any line - 2 where already established before recent management team started.	3
Rawtenstall	1 of any line Inside 1 of any line Outside - 3 (e.g Food lines) where already established before recent management team started.	7

- 4.11 Stall allocation policies have never been formally recorded and there are contradictions to the accepted customs.

- 4.12 Allocating stalls to new traders is extremely difficult, especially where there is any element of cross over (however small, actual or perceived), and a disproportionate amount of the Communities Team's time is spent determining this issue.
- 4.13 There is an established practice on all 3 markets of 'spreading out'. This means that where there is a vacant stall next to any stallholder, they are permitted to use it to display their stock, without paying a stall charge. This is permitted on the understanding that should another stallholder require the licensed use of this stall, the stallholder 'spreading out' is required to either pay for the use of that stall, or remove their stock from it. However, in reality this practice is extremely difficult to manage.
- 4.14 Some stallholders have 'spread out' over a number of years and they now have an expectation of a right to use that stall. There is also an expectation from casual traders that they can use as many stalls as they like when they are setting up. Some stall holders are confrontational with management and other stallholders when anyone else wishes to use these stalls. This has lead to threats of violence and the police being called on one occasion.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Financial matters are summarised in the report
- 5.2 The report states that the current cost to Council and tax payers is £102,501. Latest available information forecasts a cost of £96,300 (equivalent to £4.48 Council Tax on a band D property)
- 5.3 The report quite correctly concludes a lack of business enterprise in the running of the markets. This has had a detrimental impact not only on the Council's financial position but also on the Market stall holders themselves and the customers. A phased increase in charges will begin to reduce the year on year deficit currently within Council finances. However it is difficult to envisage Bacup and Haslingden sites breaking even given their size. The following two tables (using the latest financial information available) demonstrate the financial impact of increasing fess at 15% per annum based on current occupancy and full occupancy. The 15% is purely arbitrary at this stage but demonstrates the need to make a significant increase in revenue:

Surplus / (Deficit)	Current Position £000	Year 1 Uplift £000	Year 2 Uplift £000	Year 3 Uplift £000	Year 4 Uplift £000	Year 5 Uplift £000	Current Occupancy % (excludes Casual Lets)
Fee increase		15%	15%	15%	15%	15%	
<u>Financial Appraisal of potential inflationary uplift to Market Charges</u>							
Rawtenstall Market	(21)	(7)	9	27	48	72	70%
Bacup Market	(35)	(29)	(23)	(16)	(8)	2	96%
Haslingden Market	(40)	(39)	(36)	(34)	(31)	(28)	75%
Total	(96)	(75)	(51)	(23)	9	46	
<u>Financial Appraisal of inflationary uplift to Market Charges (assuming full occupancy)</u>							
Rawtenstall Market	18	37	60	86	116	150	100%
Bacup Market	(33)	(27)	(21)	(13)	(4)	6	100%
Haslingden Market	(36)	(34)	(31)	(28)	(24)	(20)	100%
Total	(52)	(24)	8	45	87	136	

- 5.4 The above table demonstrates that even using a 15% rent increases Haslingden will never break-even in the next 5 year period and that Bacup will only break even in year 5 (after 5 years of accumulated costs of c £100k). That said dependency on Council Tax is reduced by £20k pa should a 15% price increase occur and occupancy remain the same. *NB - for each 1% price increase the deficit is reduced by c £1,400, assuming no change to occupancy.*
- 5.5 The above tables do not account for agency costs incurred in back filling posts during periods of absence. In October 2008, agency costs totalled £1k.
- 5.6 The markets are held freehold by Council at not insignificant values. Members should satisfy themselves that these assets are contributing fully to the delivery of corporate priorities. All sites are held freehold by the Council. Haslingden Market was created in part by NWDA contributions. Should a disposal occur, the Council would be liable to refund 37% of any sale proceeds up to a maximum of £226k.

6. MONITORING OFFICER

- 6.1 The Council must ensure we have no policies or practices which are considered anti-competitive this report seems to address this issue.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 There are no People and Organisational Development implications.

8. CONCLUSION

- 8.1 The Markets have not run as a business enterprise for many years and customers and stallholders are suffering as a result. The recommendations in this report are required to manage the expectations of all those whom the markets impact upon and help to run the markets efficiently.

9. RECOMMENDATION(S)

- 9.1 That a marketing plan for the markets will be carried out over a period of 5/6 months with an options appraisal report on the findings presented to Cabinet in September 2009.
- 9.2 That clear policies and procedures are drafted and consulted on in relation to the management of markets including stall allocation for new traders, spreading out, competition and charity stalls. These policies and procedures will be put forward for Cabinet approval in March 2009.
- 9.3 The Head of Finance, in consultation with the Portfolio Holder for Finance and Resources, will provide proposals inline with the Council's budget process in February 2009 that outlines a phased introduction of charge increases, working towards the three markets reducing their dependence on Council Tax in the medium term.

10. CONSULTATION CARRIED OUT

Some primarily consultation has been conducted with the Market Traders who recognise the need for a markets review. Subject to the recommendations from this report more robust consultation will be conducted.

The Markets Working Group recommended that this report be carried out and fed into the Council's Cabinet for discussion and recommendations on a way forward.

A Highlight Report has been to Executive Management Team who support the review.

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Yes

Is an Equality Impact Assessment attached Yes

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

Contact Officer	
Name	Catherine Taylor / Claire Angus
Position	Area Officers
Service / Team	Communities Team
Telephone	01706 252541 / 01706 252540
Email address	catherinetaylor@rossendalebc.gov.uk claireangus@rossendalebc.gov.uk