

Appendix 4

Project/Item	Rossendale Markets
Date	26 th January 2011
	<p>1. PURPOSE OF REPORT</p> <p>1.1 To provide an update and summary of the 'Revitalising Rossendale Markets' Strategy which has been delivered since January 2009.</p> <p>2. RISK ASSESSMENT IMPLICATIONS</p> <p>2.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:</p> <ul style="list-style-type: none"> • Failure to implement the recommendations in this report could mean the deficit to the Council from the markets remains the same or increases • Failure to properly consult stakeholders could lead to a impact on the Council's reputation and relationship with those stakeholders • Closure of any of the markets could have a detrimental impact on the surrounding town centre and/or the council's reputation • The risk of not evaluating the allocation of Council resources against value for money and use of resources principles could leave the Council open to the challenge that they are not working in the best interests of the people they represent <p>3. BACKGROUND AND OPTIONS</p> <p>3.1 In January 2009 a report was presented to Cabinet which made recommendations as to how to deal with a number of key issues which were hindering the development and improvement of the markets. A number of actions were delivered in order to improve the sustainability of the markets.</p> <p>3.2 In February 2010 a further report was presented to Cabinet with an update on the implementation of these actions. At that stage it was recommended that further actions be implemented and another report would be brought back to cabinet in 6 months.</p> <p>3.3 The Revitalising Rossendale Markets Strategy has succeeded in increasing the number of traders and customers on the market, but unfortunately no impact on the deficit is evident.</p>

The financial impact

- 3.4 As part of the further actions, the salaries paid to the caretakers were reduced by decreasing the hours worked, and this has resulted in a saving of £7,431. However the biggest financial outlay – maintenance and repairs of buildings and stalls, has increased significantly by £32,428. The total deficit at the end of the financial year 2009-2010 was therefore **£116,843.00**.
- 3.5 At the end of stage 2 of the strategy, the projected income and expenditure of the markets in the financial year 2010-11 indicates a deficit of **£99,542.00**, a reduction from the previous financial year but an increase from 31st March 2009 when the deficit was £90,331. The deficit includes the value of internal services and is full explained in the attached table.
- 3.6 It is to this end that the Council has been consulting on how the challenge of meeting their Medium Term Financial Strategy target of saving c£3 million can be met. A clear message from a special Overview and Scrutiny Management Committee meeting held on 3rd August 2010 was that the Council should consider the closure of Haslingden Market and the future of Bacup Flea Market.
- 3.7 It is also important to note that the situation with Rossendale Markets is not isolated, as markets regionally and nationally are in decline. From research, visits carried out to other markets, and data shared by other local authorities, it is clear that markets across the region are experiencing an increase in vacant stalls and a decrease in footfall.

HASLINGDEN MARKET – OPTIONS APPRAISAL

Option 1: Close Haslingden Market and operate a regular street market

- 3.8 If Haslingden Market were closed it would represent a cash saving of £15.6k, taken from the projected spend for 2010/11 (based on current expenditure and occupancy levels). This figure does not include any saving from a reduction in staff costs or the cost of capital.
- 3.9 If the market were closed and sold, the council's Finance department advise that the value of the land could be in the region of £225,000 according to an assessment in 2007, although this may be lower due to current economic conditions.
- 3.10 The costs involved with setting up a monthly street market are estimated to be c.£12k in the first year and c.£8k per annum thereafter.

Option 2: Traders form a social enterprise to take over running of the market

3.11 As an alternative to the disposal of the market by sale, it may be possible for the market to be taken over by a social enterprise formed by the traders.

3.12 The advice from the Co-operative Enterprise Hub is that there are 2 key issues with determining whether this is a way forward – is there a business that makes sense for the traders to take over, and is there a willingness on the part of the traders to do so.

3.13 This is the preferred option.

Option 3: Test the market for interest from private market operator/developer

3.14 There are private market operators in the UK who will buy, or takeover the management of local authority markets. The council could invite interest from market operators to takeover running of or buy the market, thereby making a saving to the council and potentially generating some income.

3.15 Five out of the 7 of the Haslingden Market traders say that their business is sustainable on the market, therefore there would be a number of businesses operating on the market to encourage private operator investment. It is difficult to say however, whether a small market, currently operating at a loss, would attract investment from a market operator, particularly in the current economic climate.

BACUP FLEA MARKET – OPTIONS APPRAISAL

Option1: Close Bacup Flea Market

3.16 The biggest impact of closing the flea market would be on the permanent licensed traders, whose days of trading would be reduced, and the market caretaker, whose hours would be reduced. The saving to the council would be in the region of the £3,226.

3.17 This is the preferred option.

Option 2: Introduce a charge for permanent licensed traders

3.18 An alternative option would be to introduce a charge for those permanent licensed traders who wish to open. This charge could be introduced on a trial basis to see if the market can cover its' own costs, and if not, after a period of say 3 months, the decision not to close the market could be reviewed again.

Option 3: Operate the flea market on a seasonal basis (1st April to 31st August)

3.19 The cost of operating the Flea Market for a period of 5 months a year would reduce the costs to the council to in the region of £1,344. The average number of flea market traders per market day during the Spring/Summer period in 2010 was 3, and the total income received was £756.

Option 4: Continue to operate bacup Flea Market on the current basis

4. CONCLUSION

4.1 Rossendale Borough Council recognises the value a thriving Market plays in the community and to the economy as a whole. It is a fact that many successful entrepreneurs started from humble beginnings trading on a Market. Even at a time when finances are being squeezed this Council supports the ongoing tradition of having traditional Market/s in Rossendale. As such the Council looks forward to exploring better ways of working together with our market traders to ensure we can provide a sustainable future.

4.2 In light of the council having to make in excess of £3m savings over the next 4 years, the council needs to consider the future of Haslingden Market and Bacup Flea Market with a view to identifying some of the necessary savings.

5. RECOMMENDATION(S)

5.1 The Council supports the Haslingden Traders developing a social enterprise model for the running of the Market and that funding is secured until June 2011 to enable this to happen. Should the traders fail to develop a sustainable model, which is acceptable to the Portfolio Holder for Finance and Resources, then the market to close by June 2011.

5.2 Bacup Flea market to cease from March 2011.

6. CONSULTATION CARRIED OUT

6.1 Consultation has been carried out with:

- Traders
- Customers
- Local businesses
- National Market Traders Federation