

## **NORTH LINCOLNSHIRE COUNCIL**

### **CABINET**

## **REVIEW OF NORTH LINCOLNSHIRE MARKETS**

### **1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To consider the conclusions and recommendations of the Economic Development and Corporate Issues Scrutiny Panel in relation to a review of North Lincolnshire Markets.

### **2. BACKGROUND INFORMATION**

- 2.1 At its meeting held on 23 September 2009, the council considered a report of the Economic Development and Corporate Issues Scrutiny Panel in relation to a review of North Lincolnshire Markets.
- 2.2 The report was approved by council and referred to cabinet for consideration of the recommendations with a view to the preparation of an action plan.
- 2.3 The panel completed its review in September 2009. It was carried out with a brief -
  - To gauge the demand for the current markets in North Lincolnshire.
  - To assess the economic impact of North Lincolnshire's markets.
  - To seek views from all stakeholders who either use, operate or manage North Lincolnshire's markets.
  - To explore the possibility of specialising North Lincolnshire's markets.
  - To make conclusions and recommendations.
- 2.4 Following its review the panel made 25 detailed recommendations. A copy of the conclusions and recommendations are attached as an appendix to this report.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 There are no options associated with this report.

4. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY IT)**

4.1 There may be some resource implications associated with the recommendations if and when they are implemented.

5. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

5.1 There may be other implications associated with the implementation of the recommendations which will be highlighted in any action plan.

6. **OUTCOMES OF CONSULTATION**

6.1 The panel consulted widely with other scrutiny members and officers and other relevant organisations in relation to the preparation of the original report.

7. **RECOMMENDATIONS**

7.1 That the Service Director Asset Management and Culture and other appropriate officers, together with the Leader of the Council prepare an action plan in response to the recommendations of the report for submission to a future meeting of cabinet.

SERVICE DIRECTOR LEGAL AND DEMOCRATIC

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**Background papers used in the preparation of this report:** Report of the Economic Development and Corporate Issues Scrutiny Panel

## **THE PANEL'S CONCLUSIONS AND RECOMMENDATIONS**

Based upon the evidence presented and evaluated during this investigation, as detailed in the panel's findings and considerations, the conclusions and recommendations of the Economic Development and Corporate Issues Scrutiny Panel are as follows: -

### **Strategic Challenge**

It became clear during the review that the markets service should be much more than an income stream for the council. It could be a primary mechanism for delivering the council's shared ambitions of 'an area that is thriving' and 'communities that are confident and caring'. Traders, elected members and the service itself supported this. This would require a change in strategy to reflect the particular character, socioeconomic profile and community needs of each market location. The development of these plans should be done in conjunction with all stakeholders and partners.

Achieving the strategic change outlined above requires that the financial basis for market operations become better aligned with the council's shared ambitions of 'an area that is thriving' and 'communities that are confident and caring'.

**Recommendation 1**      **That North Lincolnshire Market management devise a strategy that realigns the service to deliver the council's shared ambitions of 'an area that is thriving' and 'communities that are confident and caring'.**

### **Resourcing Challenge**

The market trader's workshop identified stallholders' concerns that surplus income derived from their rents was not used to invest in the service. The service could always bid for capital funding from central balances as part of the annual budget setting process but was never guaranteed any funding.

Ideally, market traders would like all or part of this surplus to be retained by the service to allow investment and development in the markets. This has an impact on the council budget in that less money is returned to central balances and therefore unavailable to fund other projects. The amount of retained surplus would have to be negotiated.

Indeed, Planning Policy Statement 6 (the Government's policy on planning for the future of town centres), Section 2.27 states 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. As an integral part of the vision for their town centres, local authorities should seek to retain and enhance existing markets and, where appropriate, re-introduce or create new ones. Local authorities should ensure that their markets remain attractive and competitive by investing in their improvement”.

**Recommendation 2      That a strategy for North Lincolnshire Markets be drafted and adopted. The strategy to be devised and implemented immediately and be reviewed within one calendar year by this Scrutiny Panel to gauge the impact made by the strategy.**

Members learnt that whilst the accounts for North Lincolnshire Markets show an operating surplus, the financial position demonstrates an actual budget deficit. This is as a result of the revenue position for the markets not meeting its target. Therefore, the Service Director Asset Management and Culture is subsidising this shortfall. With the current economic climate, the markets were unlikely to meet this revenue shortfall.

Members were concerned to hear that despite the country experiencing an economic downturn, coupled with the fact that there has been no review of market rents since 2004, the markets service was still set extremely challenging revenue targets year on year.

The members acknowledge that from 2003-2007 the markets service met its yearly revenue target. However, this often led to a situation whereby the markets were in effect simply breaking even, despite showing an operating profit in excess of £100,000, and, therefore were unable to make any improvements to the market service. But in 2007-08 this situation changed. The operating profit was significantly lower than anticipated as a result of increased expenditure in the form of business rates, high sickness absence levels and various one off projects. Therefore the Asset Management and Culture service had to subsidise the markets service to the tune of £66,000.

In 2008-09 the situation is much worse, with operating profit even lower as a result of additional expensive one off expenditure, namely a substantial increase in the cost of utilities, as well as the demolition of an old derelict fish and chip shop. However, rent levels still had not increased and the country was still experiencing the economic downturn, yet the revenue target increased again. Therefore, the Asset Management and Culture service will again have to heavily subsidise the market service.

The setting of the revenue target for the market service is clearly a major cause of concern for the scrutiny panel. The revenue target is in effect restricting the investment in the market service as it is unable to spend its operating profit. Any improvements to the service come as a result of successful capital funding bids.

Members can therefore empathise with the traders when they enquire 'what is our rent money being spent on?'

Whilst the surplus operating profit generated by the markets services is currently used to support other council activities, the scrutiny panel does acknowledge that were this practice to stop, monies would need to be replaced from other sources if these activities are to continue.

However, the continued system of re-directing resources away from the markets is clearly at the detriment of the service. Therefore, the scrutiny panel believes that the markets service should, in the absence of any foreseeable progress toward securing a new market for Scunthorpe, formulate a submission for capital programme monies in order to provide the resources for a full maintenance programme which will be identified by the implementation of recommendation 2.

**Recommendation 3 That as part of future budget setting processes, the Council reviews the current unrealistic income targets for the markets service causing the Asset Management and Culture service to subsidise the markets function with a view to establishing a realistic revenue budget for the service that offers future opportunities for reinvestment of any operating profits to maintain and improve the quality of the market facilities.**

**Recommendation 4 That Full Council recognise the prolonged under-investment at its markets and fully supports any future submission by the Service Director Asset Management and Culture on behalf of the markets service for capital programme monies in order to provide the necessary investment to bring the markets in to the twenty first century.**

**Recommendation 5 That in the short term, all objectives and targets assigned to the markets strategy (recommendation 2) be financed by the council. However, it is essential that as the current economic climate improves, the objectives and targets be financed from the markets controllable operating surplus.**

The retained surplus would be spent on priorities identified in consultation with the traders through the Market Traders Liaison Committee. This would strongly align customer preference and choice with strategic decisions.

However, the Market Traders Liaison Committee would need to be re-constituted in order to make it more effective. The committee currently meets on a weekday afternoon once a quarter. Traders were openly critical of the meeting date and time, as well as the lack of representation from Brigg and Ashby Markets.

Traders were also critical of the communication between not only themselves and the council, but trader representatives on the Market Traders Liaison Committee and their colleagues. Anecdotal evidence appears to suggest that communication between all parties is poor at best.

Market stall and shop rent and lease levels are reviewed periodically in consultation with the traders. This process takes account of inflation, the local economy and comparative data from other market authorities. There has been no review of charges since April 2004 when the council agreed to a price freeze.

However, the panel does acknowledge that a two tier system could be created between those traders who are and are not committed to a three year lease, as traders on a lease can only have their rent reviewed after the three year period has expired.

**Recommendation 6** That the existing Market Traders Liaison Committee be (a) re-constituted to make it more efficient and accessible to all market traders, (b) professionally recorded with all discussions and actions reported to all traders in a quarterly newsletter, (c) a consultative body to discuss issues such as rent levels etc, and (d) expanded to include representation from all markets as well as the membership to include the council's Tourism and Town Centre Manager.

### **4.3 Market Management**

Clearly one of the most important issues for traders was the way stalls and traders are managed on site. Traders believed that, if done in the correct way, close management of the stalls and traders could help to keep markets vibrant and busy and address many of the symptoms of decline even if decline proved inevitable in the longer term.

It was felt that if these things could be done well it could have a significant impact on the image and success of markets that otherwise feel in decline.

Beyond this it was thought to be crucial to try and keep stalls operating throughout the markets trading hours to avoid customers getting the impression that a market might be closing early and leaving themselves.

Essentially these measures are focused on maintaining a market's atmosphere and image as thriving and busy. Traders recognised that for the most part these are elements that customers want out of a market experience, and that by allowing markets to appear quiet, empty and visibly in decline, the council was undermining their markets' capacity to draw in customers and maintain a positive reputation.

**Recommendation 7** That a market trader charter be drafted and adopted across the market service, to include a full maintenance programme.

As was described in paragraph 3.5, Brigg Farmers' Market has been awarded the title of National Rural Certified Farmers' Market of the Year. The award comes from The National Farmers' Retail and Markets Association (FARMA), who certify farmers' markets across the UK to ensure that all the produce is sold by the producers who make it themselves locally.

The judges were impressed that within just eight years of trading, Brigg farmers' market has revitalised the heart of the picturesque town centre, working across the community to establish a far-reaching reputation for quality and local foods.

Since North Lincolnshire Council created the monthly farmers' market in 2000, the number of weekend visitors to Brigg has grown to 5,000, with people coming from across Lincolnshire, Yorkshire and Nottinghamshire.

Members were greatly impressed with winning the accolade. However, they believe that the good practice that clearly exists within the management, marketing and operation of the farmers' market should be shared, and if possible, implemented across all of North Lincolnshire's markets.

**Recommendation 8 That the Service Director Asset Management and Culture undertake a review of the management function of all of North Lincolnshire's Markets, to determine if the current structure and management practices are fit for purpose. That any changes proposed to current management arrangements be submitted to the Leader of the Council Regeneration, Marketing and Finance Cabinet Member for consideration.**

Analysis of the returned market trader questionnaires and market customers' questionnaires illustrates that market traders and the public believe free car parking should be available for traders and the public visiting North Lincolnshire Markets. Whilst the panel would support a trial reduction in the cost of car parking for patrons using its markets, members agreed that free car parking for customers using the markets was not a viable option as the council would in effect be discriminating against all other commercial traders whose customers would not benefit from similar reductions.

**Recommendation 9 That in consultation with the council's Highways and Planning service, reduced car parking fees be made available at Scunthorpe Market car park, Bottesford Road (Ashby) car park and Old Courts Road (Brigg) car park on market days only.**

**Recommendation 10 That the reduction in car parking charges for market traders and customers on market days only operate as a pilot for six months.**

Members were greatly concerned about the health and safety of both market traders and shoppers in Brigg Market Place on market days. The former Glanford Borough Council and Humberside County Council sanctioned the pedestrianisation of Brigg Market Place in the early 1990's.

However, various exemptions were agreed so long as the vehicle had applied and been granted a permit to access the market place.

Members were concerned that there was no enforcement of the permit initiative and this was putting both market traders and shoppers in danger.

**Recommendation 11 That the council's Highways and Transport Service, in consultation with Humberside Police, ensure that the pedestrianisation of Brigg Market Place is enforced on market days.**

Members learnt that Brigg market is unique in North Lincolnshire, as the stalls have to be erected and dismantled at the beginning and end of each trading day. The erection and dismantling of the stalls was subject to a procurement exercise undertaken by the council. For this the Thursday (up to 65 stalls) and Saturday (up to 25 stalls) stalls are erected and dismantled and the Farmers' (31 stalls) every fourth week are erected by the contractor. In addition, the contractor undertakes repairs on the stalls at an extra cost.

The value of the contract was of great concern to the scrutiny panel. Members believe that the erection and dismantling of Brigg Market and the Farmers' Market could be achieved at a significantly lower cost.

**Recommendation 12 That the council's Service Director Asset Management and Culture be asked to re-tender the contract for the erection and dismantling of Brigg's Markets once the existing contract period has expired.**

#### **4.4 Closer links with community**

Market traders also talked a lot about the relationship between markets and their local communities, both in terms of their part in an area's identity and an area's economy. Traders and customers alike felt that markets were vital to the identity of the local communities and probably deserve to be protected even where they are not making much money. It was thought to be important to exploit this sense of community in promoting markets locally and beyond, not just for the sake of the market but to help to reinforce the local identity.

While they generally felt valued by the public in their local area, many traders said that they did not feel the council took them seriously. When it came to taking action on behalf of the market, or redeveloping the local area, traders argued that the council often gave the impression they did not consider markets a priority and were happy to let them stagnate unsupported.

As part of the Urban Renaissance project for Scunthorpe, traders were assured that a new market would be built in Scunthorpe. However, two years on and the traders still have no official confirmation that they will soon be trading from new premises. To the traders, this simply reaffirmed their belief that the council is not interested in the markets in North Lincolnshire.

**Recommendation 13** That should there be no progress with the development of a new custom built Scunthorpe market within one year of the North Lincolnshire Market report being approved, this panel re-visit this review, with particular focus on enhancing the existing Scunthorpe market

Crucially participants argued that markets should be promoted as a central part of the retail offering in a local area. Especially as Scunthorpe market is located next to the Foundry and Parishes shopping centres, participants expressed their frustration that markets were rarely sign-posted to customers coming into the area to visit shops.

Traders, in particular, felt that it would be to the benefit of both the markets and the shopping centres if they were promoted together as a more complete and diverse retail offering, and as an important part of the local area and the local community.

Currently, the marketing of the Foundry and Parishes shopping centres falls under the remit of the council's Tourism and Town Centre Manager who has a high level of expertise in attracting shoppers to the locality. In addition, the Tourism and Town Centre Manager also marketed Brigg Farmers' Market. Brigg Farmers' Market recently won the Rural Farmers' Market of the year 2009.

The traders' preference for more prominent advertising should be acted upon and a variety of media used to attract shoppers to the markets. This should provide coverage over more than just the North Lincolnshire area to draw in greater numbers of shoppers. This has proven to be particularly effective in the past for specialist markets e.g. French

**Recommendation 14** That the marketing of North Lincolnshire markets be assigned to the Tourism and Town Centre Manager with a designated budget ring-fenced for this duty. The budget to be agreed by the Cabinet Member Regeneration, Marketing and Strategic Finance.

#### **4.5 Business support for traders**

Many of the traders we spoke to described their business as being stalled and not really growing. They did not have big ambitions and did not imagine things would change much in the future. These traders seemed to be lacking any business support or strategic guidance. They did not have any entrepreneurial experience and so were ill-equipped to deal with the gradual decline in popularity of traditional markets.

The council didn't appear to be doing much to offer guidance to their traders and encouraging a more strategic vision for the market. Some traders spoke of a desire to have the council doing more to bring in different commodities and different types of trader and to do more to promote and maintain a high profile for their market as a relevant and competitive place to shop.

Some of the traders felt that the advice they did receive from the council simply was not sophisticated enough.

**Recommendation 15** That the Market Manager ensures that the service supports and promotes social enterprise by signposting all market traders to the relevant council department for advice and support.

Market traders were critical of the council for not encouraging and supporting new market traders. Incentives should be provided to new traders to allow them to learn and develop their business, whether this be a reduction in the rent charged by the council or providing them with small business advice for example.

**Recommendation 16** That the council introduce a series of incentives to new traders to allow them to learn and develop their business. These incentives to be discussed at the Market Traders Liaison Committee, prior to them being approved by the Cabinet Member Regeneration, Marketing and Strategic Finance.

#### **4.6 Shifting customer demographics**

It was apparent talking to many traders and customers that some markets are failing to keep up with the changing demographic in their local area and so cannot hope to maintain high numbers of customers. Some felt, for example, that more traditional markets should capitalise on the popularity of farmers' and arts and crafts markets by bringing in new traders and offering these commodities on their own sites.

The success of Brigg Farmers' Market could be replicated in Scunthorpe or Ashby providing there is goodwill from the existing traders to make it succeed.

**Recommendation 17** That the feasibility of more specialised markets being ran at both Scunthorpe and Ashby markets be explored.

In some struggling markets there was a sense that they had a static clientele – the same people were coming every week and the market was failing to bring in new customers or to appeal to more diverse customer groups. Generally traders did not appear to be doing enough to combat this, but there was also a lack of more strategic thinking from the markets' operators.

**Recommendation 18** That the market management engage with the black and minority ethnic communities as well as the new communities to encourage markets to better reflect North Lincolnshire's growing diverse communities

#### **4.7 Asset Management Challenge**

The standards of maintenance at some of the market buildings have been identified as requiring investment.

There are issues concerning the general state of repair and the attractiveness of the premises as a retail facility competing in the commercial environment. It is not enough to maintain the buildings to a common standard set by the council, they must compete with the standards set by the local retail facilities.

The particular problems of the Ashby site demonstrate the need for effective development planning. There is consensus that the security fence should be removed but not before the rest of the site is improved through the installation of CCTV and refurbishment of existing stalls. This would create a more inviting and shopper-friendly market.

**Recommendation 19** That the council commission research with market traders, customers and council officers with the aim of improving the visual appearance and physical environment of Ashby market.

Currently the Ashby site is only used one day per week. This large, flat site could be used for other uses on non-market days.

Utilising non-fixed assets such as portable markets, which enable the Farmers and French markets to take place, could achieve expansion of the Markets Service.

**Recommendation 20** That a feasibility study by the Service Director Asset Management and Culture be undertaken to explore the possibility of the Ashby site being used for additional purposes on non-market days.

#### **4.8 Operational Challenge**

The ability of the current market format to meet customer expectations must be reviewed regularly. Opening days and times may be limiting the potential numbers of shoppers and visitors to the various locations. Changes in shopper preference or habits should be assessed through surveys and action taken to maximise the availability and desirability of the markets to potential shoppers and traders.

**Recommendation 21** That the shopping patterns at North Lincolnshire Markets be reviewed by the council's Tourism and Town Centre Manager in order to ascertain if the opening hours and days are fit for purpose.

Lack of access to markets should not be a barrier for the people of North Lincolnshire. The service should consider whether subsidised or free public transport would increase shopper numbers.

**Recommendation 22** That the costs/benefits of providing subsidised or free public transport to North Lincolnshire Markets be investigated.

Traders have commented that the standards of facilities provided for their use fall short of their expectations. These must be improved and then maintained to the required standard, particularly in Ashby and Brigg (as Scunthorpe is due to relocate to a brand new purpose built building).

**Recommendation 23** That an asset management audit be undertaken of both Brigg and Ashby market sites in order to ascertain a programme of works to bring the market sites up to the twenty first century.

**Recommendation 24** That once the audit is completed, the council be recommended to allocate the appropriate funds to complete the works.

**Recommendation 25** That all recommendations contained in this report be included in an action plan, stating the timescales and key actions to implement the recommendations. The action plan to be presented to the Economic Development and Corporate Issues Scrutiny Panel by no later than the end of January 2010.