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Chairman and Members of the
Community Scrutiny Committee

Your contact: Peter Mannings
Extn: 2174
Date: 9 March 2016

cc. All other recipients of the
Community Scrutiny Committee
agenda

Dear Councillor,

COMMUNITY SCRUTINY COMMITTEE – 15 MARCH 2016

Please find attached the following report which was marked “to follow” on the agenda for the above meeting:

7. Town Centre Markets (Pages 3 – 14).

Please bring these papers with you to the meeting next Tuesday.

Yours faithfully,

Peter Mannings
Democratic Services Officer
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MEETING : COMMUNITY SCRUTINY COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 15 MARCH 2016
TIME : 7.00 PM

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EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 15 MARCH 2016

EXECUTIVE MEMBER FOR ECONOMIC DEVELOPMENT

TOWN CENTRE MARKETS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To provide information and context on the importance of markets in contributing to town centre vibrancy

<u>RECOMMENDATION FOR COMMUNITY SCRUTINY:</u> that:	
(A)	The Executive be advised of any recommendations regarding the future of markets within East Herts and the extent to which the Council should engage with Town Councils to improve them.

1.0 Background

1.1 A number of recent developments make a discussion and review of East Herts' approach to markets timely. These include:

- A new Corporate Strategic Plan (agreed by Full Council on 17 February 2016) and new Economic Development Vision (agreed by Executive 8 March 2016) which contain the outcome to have "vibrant town centres". A specific action within the latter is to "*work in conjunction with town and parish councils to deliver special events and specialist markets (e.g. farmer's markets) to increase footfall in town centres*"
- A contract with Bishop's Stortford Town Council to deliver the retail market in Bishop's Stortford which was awarded early 2015 and began 1 June 2015
- A management re-structure at Head of Service level which transfers responsibility for markets from business development to the newly created role of Head of Operations.

2.0 Report – the national picture

2.1 The general view of markets is that they are in ‘decline’, reflecting national (and indeed global) trends on the shopping experience and a move away from high streets towards greater on-line purchasing and larger supermarkets/ retail centres outside town centres. There is plenty of evidence to support this conclusion however it does simplify a more complex picture in which overall decline has been characterised with mixed success and growth depending on market types and locations. The National Association of British Market Authorities (NABMA) has produced a helpful piece of research around this matter and can be found here:

<https://radicalantipode.files.wordpress.com/2015/10/traditional-markets-under-threat.pdf>

2.2 The report helps put the conclusion in context by making the following observations:

- Market trading has dropped by nearly £1bn between 2009 and 2014, with average occupancy of pitch space in England at 46% and a third of local authorities reporting a decrease in income from their market.
- The traditional ‘retail’ market (ie. selling mostly wholesale goods) has seen the largest decline. These tend to attract customers on lower – middle incomes who appreciate the affordability and variety of goods on offer and where ‘quality’ is less of a concern.
- There has however been a growth in popularity of farmers’ markets and other specialist and niche markets (food festivals, Christmas and craft makers). These tend to attract middle to high income customers who are less likely to frequent the traditional retail market. The paper refers to this as the “gentrification” of the market experience.
- This functional shift – from amenity to destination – changes the presentation of the market from a practical, necessary site of affordable goods to a more exclusive, niche and (possibly) temporary place of entertainment and variety.
- There has been a double trend for the privatisation of markets: either local authorities contracting markets to private operators and/ or a growth of new markets being privately run.

- There is evidence that markets play a wider role than just delivering economic benefits. They can promote social inclusion, for example with the older population who may need to rely on public transport to get to town centres.

2.3 The report does highlight that the decline/ success of markets is unevenly spread nationally with geography, size and associated town centre retail offers making a difference. Indeed this last variable – the relationship with the town centre – is seen as crucial and the experience of markets has largely reflected the experience of the traditional high street in recent years. The focus is on larger markets in urban conurbations (London, Leeds, Peterborough, Birmingham) and therefore the conclusions may have a limited application for East Herts given the smaller, market town nature of markets operating in the district. However, many of the general conclusions are relevant and we can see East Herts fits broadly into the national picture presented by the NABMA research.

2.4 The local picture

2.5 Currently East Herts is responsible for the following:

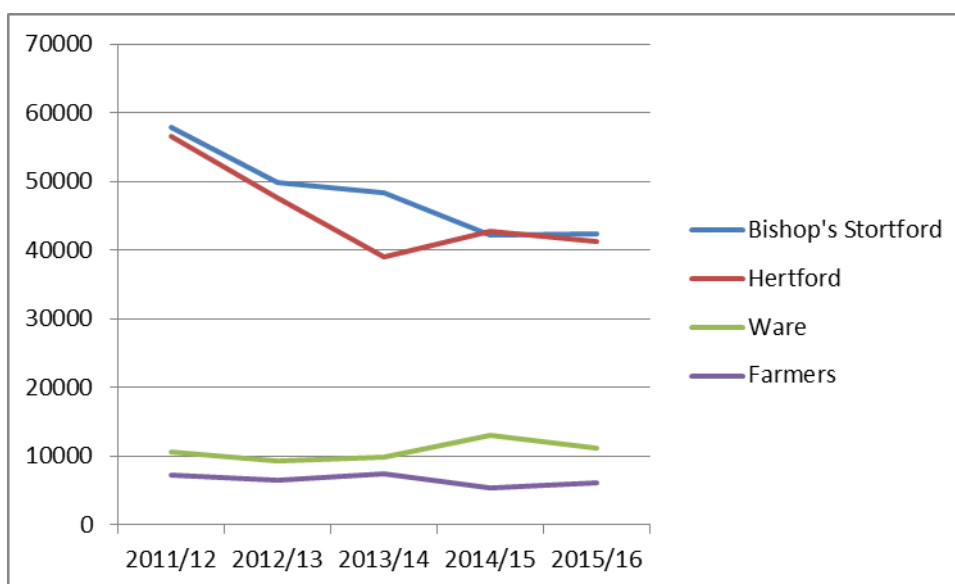
- A retail market in Hertford every Saturday. Regular traders are charged £21.80 and casual traders £26.00 per day for a pitch.
- A retail market in Ware every Tuesday. Regular traders are charged £14.00 and casual traders £15.60 per day for a pitch.
- A farmer's market in Hertford the second Saturday of every month. Traders are charged between £23.00 and £27.00 per day for a pitch depending on the type of stall used.
- A contract with Bishop's Stortford Town Council (which began 1 June 2015) to run a retail market every Thursday and Saturday, and an events programme which includes a producers and crafts market the first Saturday of every month. The Town Council are paid a management fee to operate the market and income from traders is split 50/50 (meaning half of the income collected by the Town Council comes back to East Herts). In addition 25% of this income is ringfenced for direct investment in the market (eg. to replace/ upgrade stalls and put new infrastructure in place),

essentially creating a small but sustainable capital improvement fund.

- Issuing licences for other operators to run car boot sales (including charity car boot sales on school premises) and other specialist markets (such as those ran at Van Hages, Jackson Square Shopping Centre and Aston Village Hall). Licences vary in costs from £32.10 - £111.45 depending on the size of the market being licenced.

2.6 Overall then the Markets Service, which is part of the Economic Development Service, has mixture of in-house delivery and contract management functions alongside administration of regulatory functions.

2.7 Income over the past five years for each of the markets is captured below. As per the trends outlined in (2.2) East Herts is observing similar patterns in terms of declining income in the Bishop's Stortford and Hertford retail markets. Ware retail market and the farmers markets have been relatively stable however. At different points all of the markets have experienced a combination of growth, decline and stagnation.



2.8 The Markets Team has introduced various initiatives over recent years to support the viability of retail markets. These include:

- A Traffic Regulation Order, pedestrianisation and repositioning of stalls and pitches in North Street (Bishop's Stortford). This was part of an externally funded programme

- supported by the countywide Herts Forward Partnership.
 - The relocation of Ware market from Tudor Square to the High Street.
 - Trader incentive schemes in (e.g. in Ware the market began to struggle after the recession in 2008. Pitch fees were dropped to encourage more traders).
- 2.9 The fees and charges policy has tended to keep pitch rentals stable in order to reduce the burden for traders, many of whom are trading in the margin. The markets team conducts an annual market rental benchmarking exercise to ensure we are competitive with markets elsewhere, particularly from neighbouring areas. This helps with trader retention but does put pressure on overall financial viability as rents have largely remained static in recent years whilst fixed costs for running them tend to rise by inflation. There is no variation within pitch prices depending on specific location (eg. a certain part of a street where footfall, and therefore potentially the trader's income, is known to be higher due to the shops located nearby).
- 2.10 The Markets Team have received national recognition in the past for their work and as a result NABMA awarded East Herts Council 'Markets Team of the Year Award' in 2012. There are also future activities planned to continue supporting the market:
- Forthcoming consultation with local stakeholders about ways to improve Hertford market.
 - An on-going application for a Traffic Regulation Order for Bull Plain in Hertford.
 - An on-going publicity programme to promote the market focusing on key events in the year, such as Valentines day, the "love your local market" day and the farmer's market sausage eating competition.
- 2.11 The Markets Team will continue to undertake activities and implement initiatives designed to promote and support local markets however this remains a challenge in an overall environment where shopping habits continue to change.
- 2.12 Bishop's Stortford Town Council have also implemented a variety of different events and new initiatives to revive the retail market. This has included a monthly producers and crafts market (the first Saturday of every month) alongside trialling of different events

such as 'music in the market' and cookery demonstrations. The Town Council have also undertaken a great deal of research around customer preferences for market goods and are in the process of stress testing options for consolidating and improving the 'offer' made to town centre shoppers. Generally this has brought a fresh perspective and energy to the Bishop's Stortford market although as the four year contract is less than ten months into its operation it is too soon to establish how much of an impact this is making.

2.13 Measuring performance

2.14 Two indicators are used to help measure and communicate relative success in terms of performance: rental income from traders and number of producers at the farmer's market. Both provide helpful context regarding overall performance and are reported to Members quarterly as part of the Healthcheck process.

2.15 Whilst both indicators are useful they do not provide a complete picture of overall financial performance in that they do not recognise the direct contribution and support provided by East Herts. The net cost to the Council (calculated by deducting running costs from income) helps provide an overall picture of performance.

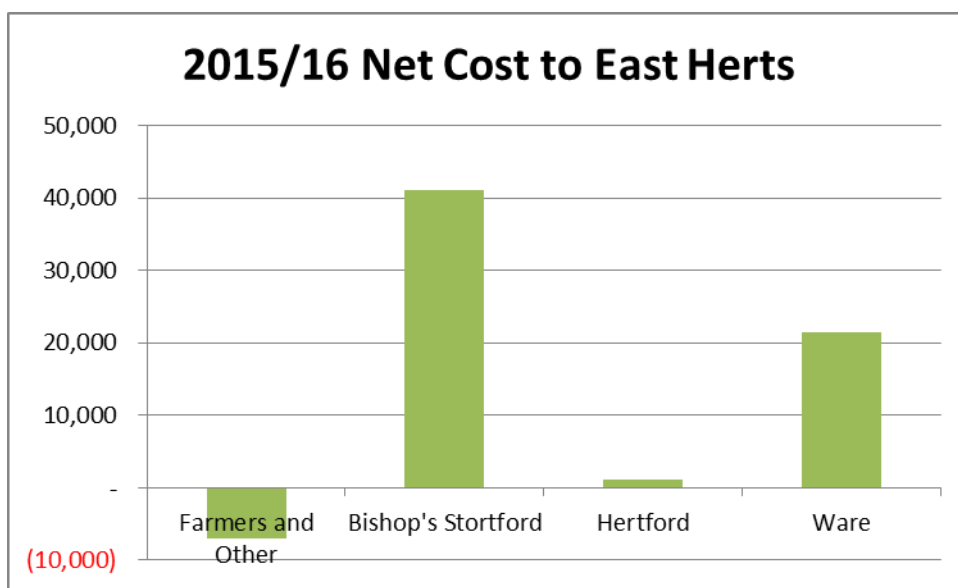
2.16 Running costs include

- A small initiatives budget to cover advertising, publicity material, maintenance and repairs to equipment.
- Salary costs and overheads for the Market Manager role.
- Service based costs such as street cleansing and waste collection (delivered as part of the Council contract with Veolia).
- Domestic rates.
- Utilities (electricity) although a flat charge is levied on the trader to help cover these costs.
- Corporate overheads and management costs.

2.17 The majority of these costs are fixed. Please note also that the management fee paid to Bishop's Stortford Town Council includes provision for covering running costs.

2.18 The forecast net cost to East Herts for 2015/16, or put another way the subsidy that is likely to be provided for this financial year, is as follows:

Market	2015/16 Total Forecast Outturn
	£
Farmers and Other Markets Total	(6,940)
Market - Bishop's Stortford Total	41,175
Market -Hertford Total	1,180
Market -Ware Total	21,410
Total	56,825



2.19 This then demonstrates that the net cost to East Herts for running markets is likely to be £56,825 for 2015/16. This measure is helpful as it challenges the notion that markets make 'profit' for the council. It also puts in context the relative levels of performance for each individual market.

2.20 From the tables and graph it is clear that although there is an overall cost to the council, this is unevenly spread through the different markets. Farmer's markets and specialist markets do

return a small 'profit' for the council and Hertford more or less breaks even.

2.21 Bishop's Stortford and Hertford retail markets achieve similar levels of income and have seen similar levels of decline over the past five years. However, Bishop's Stortford market runs two days a week – meaning the running costs are effectively double that of Hertford's hence it the net cost is considerably more.

2.22 Future options

2.23 As this report illustrates there is a net cost to the council for running markets in East Herts. This subsidy can be seen in the context of the Council supporting priorities outlined in the new Economic Development Vision and Corporate Strategic Plan, namely to encourage 'vibrant town centres' by increasing footfall.

2.24 Officers have a responsibility to ensure efficient delivery of services and good contract management. In the 2016/17 the main priorities with regards to markets provision will be to maximise value for money through the following:

- A review of delivery arrangements within the Economic Development service, based on new priorities as set out in the Economic Development Vision. This will focus on rationalising overheads and running costs where possible.
- The first annual re-negotiation with Bishop's Stortford Town Council for the Bishop's Stortford market. This will focus on rebalancing the level of risk and reward between both the client and contractor and will need to be concluded by 31 May 2016.

2.27 The above activities will help manage the overall subsidy provided to market operations whilst continuing to support the vibrant town centres. Members on Community Scrutiny Committee are invited to express a view on the future of markets within East Herts and the extent to which the Council should engage with Town Councils to improve them.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

Contribution to the Council's Corporate Priorities/ Objectives	<i>Supports the new priority of enabling a flourishing local economy and vibrant town centres.</i>
Consultation:	Director of Finance and Support Services and the Executive Member for Economic Development.
Legal:	None.
Financial:	None – financial details included in paper but no recommendations made which have a direct financial impact.
Human Resource:	None.
Risk Management:	None.
Health and wellbeing – issues and impacts:	None.

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