

**Lancaster Market
14 September 2011**

Report of Cabinet

PURPOSE OF REPORT

To consider options regarding the future of Lancaster Market and the associated recommendations of Cabinet.

This report is public.

RECOMMENDATIONS:

1. That Council considers the following recommendations of Cabinet:
 - i. That all market traders be moved onto the ground floor and rents or service charges not be increased at this point.
 - ii. That legal agreement be reached with traders on the move to the bottom floor and to costs that traders would pay for moving and fitting out.
 - iii. That the move in (i) above be done with some urgency to protect existing businesses on the top floor and to protect the Council's future rental income.
 - iv. That alternative tenants be sought for the upper floor.
 - v. That the recommendations in terms of improved marketing and management recommended to Council in the NCS report received in December 2010 be carried out.
 - vi. That the Council's costs of running the market be examined and it be considered whether these can be reduced.
2. That the above be subject to the outcome of a financial appraisal of all relevant options for Lancaster Market, now attached at Appendix B, to reflect the Council's fiduciary responsibilities to council taxpayers as a whole, and that this appraisal be considered by Council to inform its final decision-making.

1 INTRODUCTION

- 1.1 At the meeting on 26 July 2011, Cabinet considered a report on Lancaster Market covering, amongst other things, whether it was feasible to move the market into the museum. The public Cabinet report and associated minute are attached at **Appendix A** for reference.

- 1.2 At that meeting, Cabinet resolved that in view of the consultant's report the market should not be moved to the museum, but in addition it also made various other recommendations on the market's future, as reflected above.
- 1.3 In making its recommendations, however, Cabinet acknowledged that no final decision could be made on whether to move tenants to the ground floor or what level of rent and service charge to pay until a full financial appraisal had been undertaken. In addition, in reaching any final decision, it was recognised that whilst market traders would be most (or directly) affected by any decision, the Council has a much wider financial duty to council taxpayers as a whole. The market is a costly operation and therefore any decision to invest in the market must stack up financially.
- 1.4 Accordingly, a full financial appraisal of various options is now attached at **Appendix B** to inform Council's decision-making. This has been prepared by Financial Services with significant input from Property and Legal in particular. To help Members in understanding the specific legal position and considerations, a briefing is attached at **Appendix C**.

2 **OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

- 2.1 The full range of options and their analysis are set out in Appendix B. In essence, Council could:
 - a. Approve the recommendations of Cabinet. In this case the Council's financial and other plans would be updated accordingly and the capital investment required would be financed from General Fund Balances; these are higher than expected following the net underspending in last year (see separate item elsewhere on the agenda).
 - b. Approve an alternative option as set out in the Appendix. Any particular financial implications or subsequent decisions required would then be factored into the Council's financial and other planning as appropriate.
 - c. Seek further information and defer any decision. Given the need to gain certainty one way or another on the market operation, however, this option is to be avoided, unless it becomes apparent that additional essential information is needed to inform Members' deliberations.

3 **CONCLUSION**

- 3.1 A clear way forward needs to be determined for Lancaster market. In doing so, however, Council needs to ensure that its decision-making is based on appropriate consideration and with due regard to all relevant factors.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

It is considered that there is no such direct impact arising.

LEGAL IMPLICATIONS

As set out in the appendices.

FINANCIAL IMPLICATIONS

As set out in Appendix B.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

As set out in the appendices.

SECTION 151 OFFICER'S COMMENTS

Generally Council is advised to consider all proposals for capital or other growth alongside each other, to allow for prioritisation in context of all other competing demands. The need to determine a way forward for Lancaster market is recognised, however, and so this means that a decision is being sought now. If Council approves the capital investment, the £270K of funds clearly cannot be used for any other purpose.

The financial appraisal indicates that over the longer term, considerable financial savings would be expected if the market operation was to close and an alternative future for the building secured.

Other aspects of the appraisal, including the points raised in the July Cabinet report, have indicated that the benefits to be gained from continuing the market operation in some form, with the associated capital investment, are comparatively small.

Council is advised to scrutinise and challenge these conclusions, but then use the outcome of this challenge to inform its decision-making. This supports rational, lawful decision-making.

She reiterates that in considering options and as in previous years Members are advised to consider whether and to what extent the market facility achieves (or could achieve) value for money for local taxpayers as a whole. From an accounting viewpoint, markets are currently classed as a trading undertaking, albeit that Lancaster market operates at a substantial deficit.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer's comments have been incorporated in the report and its appendices. The Monitoring Officer would emphasise that any decision taken must be reasonable and rational, and must take account of all relevant considerations.

BACKGROUND PAPERS

Background papers are exempt.

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