



Committee: CABINET

Date: TUESDAY, 3 DECEMBER 2013

Venue: LANCASTER TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, November 5, 2013 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **Declarations of Interest**

To receive declarations by Members of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 10 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Members are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. **Public Speaking**

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

Reports

6. **Festival Market - Update (Pages 1 - 8)**

(Cabinet Member with Special Responsibility Councillor Barry)

Report of Chief Officer (Environment)

7. **Budget & Policy Framework Update 2014/15**

(Cabinet Members with Special Responsibility Councillors Blamire and Bryning)

Report of Chief Officer (Resources) - Report to Follow

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Jon Barry, Abbott Bryning, Tim Hamilton-Cox, Karen Leytham, Ron Sands and David Smith

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email ebateson@lancaster.gov.uk.

(iii) Apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

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CABINET

FESTIVAL MARKET MORECAMBE- UPDATE Dec 2013

Report of Chief Officer (Environment)

PURPOSE OF REPORT			
To provide and update on recent activity in the Festival Market and to seek Cabinet's view on options for future development			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Referral from Officer
			X
Date of notice of forthcoming key decision		NA	
This report is public			

OFFICER RECOMMENDATIONS

- (1) That the updates in the report are noted
- (2) That Cabinet agrees its preferred option for development of the market

1.0 Introduction

1.1 Cabinet (9th Oct 2012) resolved the following with regards to Morecambe's Festival Market

- (1) That Cabinet strongly supports the continuation of Morecambe Festival Market.
- (2) That with regard to strategic options, Cabinet approves Strategic Option 3 – to consider all options.
- (3) That with regard to Short Term options, Cabinet supports Options 1, 3 and 4:

Option 1 – Provision of coach drop off point – to include considering the use of the lay-by and improving pedestrian access to the market from the lay-by.

Option 3 – Look at different ways of marketing the market

Option 4 – Look at some short term practical ways of improving the insulation/heating of the market.

- 1.2 In addition to this the Council agreed a one off amount of £50,000 to spend on improving the District's markets during 2013/14.
- 1.3 The purpose of this report is to provide Cabinet with updates on the above, to provide further information on the overall position of the market and seek a view from Cabinet with regard to future development of the market.

2.0 Proposal Details

UPDATES

2.1 With regards to the implementation of short term options-

- **Provision of coach drop off point-** investigation revealed that the existing bus layby on Central Drive which is immediately adjacent to the market can equally be used by coaches for dropping off and picking up customers. Coach companies have been reminded of this. A clear route from the layby to the entrance of the market has been included in the engineering works that have taken place (see below) to improve pedestrian access to the market from both Central Drive and the Promenade.
- **Marketing the market-** an officer working group has been set up to look at ways of improving the marketing of the market. A number of new initiatives have taken place as a result, including reduced fees for new traders, promotion to visitors etc. Furthermore market traders themselves have worked with officers on a range of one off events – themed days, promotions etc. This work is continuing.
- **Insulation / heating-** from a trader and shopper perspective this remains the big issue. The market is essentially an outdoor market, with a roof and sides, and was designed as such. Furthermore the relatively low rent that traders are charged for stalls / services reflects the fact the market is an outdoor one. It does mean though that in cold weather the market is cold. The fact that the market is enclosed also means that condensation can be a problem and in cold weather the temperature within the market can feel colder than outside if the influences of wind chill and wet weather are removed from the equation. Traders are adamant that the coldness of the market in winter means shoppers go elsewhere, potential new traders are put off and existing traders stop trading. The view of traders is that were the Council to invest in a heating system footfall would increase during the winter and new traders would be attracted to the market.

In order to establish the costs of a heating system a report was commissioned from the Council's Property Group. The most effective way of heating the building would be a gas system the indicative costs of this are-

Connection to gas main- **£18,000**

Installation of gas fired heating system- **£48,000**

Installation of roller shutters / automated doors to allow better retention of heat- **£25,000**

The above figures are all one off costs. It is estimated that the ongoing running / servicing costs would be **£5200** per annum and the lifespan of the system would be 25years

In addition to the above it is recommended that the roof is fully insulated, in order to retain heat and keep down running costs. The estimated cost of this is **£150,000**

An alternative electric heating system was also considered. The outlay for the system would be cheaper, however, there would be approximately £100,000 of electrical infrastructure upgrade works required and the ongoing running costs would be much higher.

- 2.2 **Market Improvement fund-** The purpose of this fund was to make a contribution to schemes that would improve the markets. It was not a grant fund for traders but traders were asked for their suggestions and ideas as were relevant officers.
- 2.3 Of the £50,000, the Council decided to spend around £35,500 in 2013/14 on improving the market through an in-house designed and delivered engineering scheme which is intended to improve the visibility and access to the market for pedestrians and improve the attractiveness of the 'courtyard' area of the market. It also connects the market better with the Promenade and Central Drive. The concept for the scheme was drawn from the consultation for the MAAP which had identified there was a lack of connection between the market, promenade and Central Drive. Once the plans had been drawn up they were shared with reps of Market traders who brought forward suggestions that were built into the design. Furthermore a whole morning was devoted to sharing the plans with a range of traders. Some traders couldn't see the point of the scheme but the majority could and thought it was a good idea.
- 2.4 In addition to this there are a range of other ideas that have come from traders which have been assessed and will be implemented with the remaining funding.

FUTURE DEVELOPMENT

- 2.5 The current position with regards to take up of stalls in the market is there are 15 shops all fully taken up and 93 stalls. Of the 93 stalls 19 are currently vacant and 5 have given notice.
- 2.6 Footfall in the market fluctuates significantly on a seasonal basis. The experienced, long serving traders are well aware of this and are capable of managing their businesses accordingly. Less experienced traders tend to start during the busier summer months or during promotional periods where rents are discounted and then can sometimes struggle to build their business in a sustainable way.
- 2.7 To a large extent this mirrors exactly what is happening in other markets and on the high street as a whole during the economic recession. It also reflects the fact that shopping habits have changed meaning the types of items that people used to purchase from markets can be readily purchased over the internet or from high street retailers.

- 2.8 As discussed above, the view of traders is that investing in a heating system will improve footfall and encourage shoppers to stay longer during the winter months, which in turn will help new traders and obviously provide a boost to the longer serving traders.
- 2.9 Traders who operate on the market, especially the longer term ones, are concerned about the ongoing viability of the market and their businesses and also feel that the Council should intervene more than it does.
- 2.10 From the Council's perspective, the market is operating as a going concern and contributing significantly to the Council's General Fund.
- 2.11 This means there is time to take decisions in a considered way which takes into account the aspirations of traders, people who use the market, the development of Morecambe as a whole and the Council's priorities and budget position.
- 2.12 The fundamental issue is much greater than whether to install a heating system or not. The key questions are what priority does the Council place on the Festival Market and therefore to what extent should the Council be prepared to intervene?
- 2.13 In considering this question the following contextual issues need to be considered-
- The Festival Market was originally designed to co-host a market and Festivals. The intention was that market traders would turn up with their goods on the day and take them back at the end of the day. Festivals have not been held in the market for a number of years and traders have been allowed to leave their goods overnight in the market.
 - The Festival Market is designed to be an outdoor market which is watertight. As such it was not designed to cope with the demands that traders currently put on it in terms of use of electricity on all stalls etc.
 - The rents / rates of the market are akin to those of an outdoor market.
 - Shoppers on markets are drawn by traders on markets, diversity of products and so forth. Not by a building.
 - The recent condition survey of Council buildings showed that the Festival Market is both structurally sound and fit for its original purpose.
 - Over the last few years the Council has been required to make more and more savings. The position currently faced by the Council is unprecedented in the terms of the scale of expected savings that need to be made.
 - Any additional investment in the market, either capital or revenue, will require financing, ideally through the market's trading position or through compensatory savings from elsewhere within the budget.
 - In simple terms the operation of the Festival Market does currently make a good contribution to the Council's General Fund. This contribution in turn allows Council priorities to be delivered.
 - Changing the nature of what is an outdoor market to more of an indoor market requires significant investment. Based on current experience some traders struggle to cope with the relatively low rents / rates that are currently charged. Attempting to recoup investment through increase in rents / rates would potentially increase the problem.
 - Without a unique selling point and as a standalone attraction (like the Festival Market is) many markets are struggling to attract the visitors that they used to

do.

- The building and land are directly owned by the Council and in terms of the Morecambe Area Action Plan the whole area has been identified as one for investment and regeneration. The plan considers at some length the development potentials here. Whatever decisions are taken need to be the best that can be reasonably done as part of regenerating this site and the town as a whole. A further report on central Morecambe Regeneration is expected in the new year.

Within the context described above and in terms of answering the questions posed in 2.10 there are a number of potential options.

- 2.14 **Option 1-** If the Council takes the view that the current issues facing the market are symptomatic of wider issues facing Morecambe and the economy generally then the regeneration led approach that the Council is leading through the Morecambe Area Action Plan, combined with ongoing management of the market within existing budgets, provides the best way forward. However from a trader perspective in the short term it will not address the concerns that traders raise and furthermore a regeneration led approach provides no certainty for the medium to long term future of the market, as it may reveal other better options for the Market. It is an approach though that is consistent with the Morecambe Area Action Plan and supporting policies, and based on the context described above is a very reasonable one.
- 2.15 **Option 2-** If the Council takes the view that the Festival Market is absolutely essential to Morecambe and pivotal in terms of economic wellbeing and the visitor attraction then it is clear that in order to remain viable major investment in the market is required, along with a fundamental overhaul of how it operates and trades. The market faces stiff competition from supermarkets, nearby shops selling similar products, nearby private indoor and outdoor markets and internet based retailers. Clearly users of the Festival Market value what it offers and the service it provides, but to be sustainable in the long term more shoppers and traders are needed. To attract new shoppers and traders will require major investment in the market in terms of appearance, layout, types of stall, heating, lighting etc. Additional investment will require significant increase in the charges currently made to traders which in turn will change the dynamic of the market, and significantly increase both the financial input and ongoing risk to the Council. In terms of the Morecambe Area Action Plan the area occupied by the market could well be crucial in the medium to long term for the regeneration of the area. Were a decision taken at this stage to effectively protect the market it would reduce the regeneration opportunities available for the site and Morecambe as a whole.
- 2.16 **Option 3-** In between the approaches described above there is also a view which recognises that until the regeneration led approach bears fruit there is a need to maintain the market as a going concern, so long as it continues to provide a contribution to the General Fund. This approach would require more ongoing investment in the market than is currently provided to do things like improve the internal / external appearance of the market, look at ways of attracting new traders through discounted rents, make links with colleges etc to encourage student traders, provide discounts to long serving traders

through the winter months to encourage them to stay etc. This approach would require increased ongoing expenditure and therefore result in a reduced contribution to the General Fund, which in turn will require more savings to be made from other Council services, or a proportionate increase in rents.

- 2.17 The Council may also take the view that with **Option 3** there is a requirement to address the heating issue which would also then require capital investment. Based on the fact that the market with heating would then be moving towards more of an indoor market a fundamental review of rent and service charges would also be required.
- 2.18 Seeking to invest in the heating part of this approach (through the budget process) would effectively say that the need to maintain the Festival Market overrode any consideration of other regeneration opportunities that may come forward.
- 2.19 Based on the context of the Council's budget prospects there are actually no easy solutions.

3.0 Details of Consultation

- 3.1 Representatives of market traders have been involved in ongoing discussions and work described in this report.

4.0 Options and Options Analysis

- 4.1 The report is mainly for note. However, Cabinet are requested to consider what, based on the options above, their position with regards to the future development of the market is. Subject to this officers can then provide necessary costings and financial information which can then be fed into the wider budget process.

5.0 Officer Preferred Option (and comments)

- 5.1 Based on the context described in paragraph 2.11 the Officer preferred option is **Option1**

6.0 Conclusion

- 6.1 The report provides an update on the Festival Market and seeks Cabinet's views on the future development of the market.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Plan contains the action 'Develop the Festival, Charter and Assembly Room markets to help support their sustainability and viability'.

The contribution to the general fund from the Festival Market support other key policy areas.

Morecambe Area Action Plan- [Policy D\)5](#) and [Action Set AS8](#).

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

As set out in the report

LEGAL IMPLICATIONS

None as a result of this report

FINANCIAL IMPLICATIONS

The report, amongst other things, discusses the viability of installing an insulation/heating system which would require major capital investment. There is currently no budget provision for this.

The following table outlines the financial performance of the Festival Market over the previous 3 years and the latest budget projections (excluding capital charges and internal recharges, so allowing only for direct costs and income):-

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Actual	Actual	Revised	Estimate	Estimate
	£'K	£'K	£'K	£'K	£'K	£'K
Expenditure	215	189	196	195	195	201
Income	(371)	(349)	(336)	(316)	(314)	(314)
Net Income	(156)	(160)	(140)	(121)	(119)	(113)

As the above table suggests, the market runs at a net surplus, which contributes to the Council's General Fund, albeit that in reality the surplus is over-stated to a degree, given that it makes no allowance for management or support service costs.

However, the income levels have reduced in recent times largely due to the recession. The market officers are trying various initiatives/promotions to increase occupancy rates and this work is ongoing but the trend of diminishing income levels is expected in the short term. It is therefore worth noting that higher vacancy rates leads to fewer customers which in turn leads to higher vacancy rates – a knock-on effect which is difficult to escape.

The capital and ongoing revenue costs of heating the market are outlined in the report.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

NA

Information NA

Property:

As set out in the report

Open Spaces:

NA

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and in essence she reiterates her comments made back in October 2012 – the Council already has competing demands for capital investment / revenue spending and should not expect to be able to afford to do all it might want to – prioritisation is needed and savings will be needed in various service areas.

Cabinet is advised, therefore, to consider where market improvements fit in strategic/ priority terms. Option 1 is considered the best fit with the Council's current Financial Strategy.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Contact Officer: Mark Davies
Telephone: 01524 582401
E-mail: mdavies@lancaster.gov.uk
Ref: