



Northumberland

County Council

COMMUNITIES AND PLACE OVERVIEW AND SCRUTINY COMMITTEE

DATE: 5TH JUNE 2019

Update on Northumberland Markets Strategy 2018 - 2023

Report of the Executive Director of Place, Paul Johnston

Cabinet Member: Councillor Glen Sanderson, Environment and Local Services

Purpose of report

To provide Communities and Place Overview and Scrutiny Committee with an update on achievements against the 2018 - 23 strategy action plan and an update on the current financial position of Council run markets.

Recommendations

It is recommended that the Committee notes the progress made against the strategy action plan and supports a review of alternative operating arrangements that could be adopted for all markets currently managed by the County Council's Neighbourhood Services team.

Link to Corporate Plan

This report is relevant to the "We want you to love where you live" and "We want to attract more and better jobs" priorities included in the Corporate Plan 2018 - 2021.

Markets can help shape distinctive vibrant places which people value, and reasonably priced market stall pitches are often the first opportunity an entrepreneur will have to create a thriving business.

Key issues

1. Good progress has been made against the majority of actions in the action plan.
2. Though good progress has been made this has not translated into sufficient progress in realising the opportunities in the plan.
3. The challenging high street retail environment is evident in our town centre markets, stallholders face tough trading conditions and generally across the UK it is a sector in decline.
4. Despite the action taken to reduce the costs of operating markets, in 2018/19 we incurred an operating deficit meaning that the markets service is now a cost pressure whereas in previous years it has returned a small operating profit.
5. It is proposed to conduct a review in 2019 to identify if cost reduction and income generation exercises can return our markets to providing a surplus and to explore alternative operating arrangements.

Background

The Northumberland Market Strategy 2018 - 2023 was approved by Cabinet in July 2018, the vision for the strategy is “To create a diverse, vibrant market experience that has a positive economic, social and cultural impact.”

The delivery of the strategy action plan is structured thematically against four objectives:

- i. Sustaining and growing income
- ii. Promoting markets more effectively
- iii. Policy developments
- iv. Improving the management of markets

An update of progress against each of the 24 action points can be found appended to this report. 16 are marked green as good progress has been made against these actions, 7 have been marked amber as progress has been made against those actions but are not yet complete, or they were completed later than scheduled and 1 action is marked red as insufficient progress has been made.

The action marked red was to introduce a Balance of Trade Policy to cover all markets administered by Northumberland County Council that ensures a broad range of goods are sold at markets so that they remain attractive to the public and to avoid conflict between traders. This action has not been completed due to capacity issues, but also because the policy would only be required should a trader challenge a decision (relating to balance of trade) not to let them trade on a market. This has not happened during recent years.

The program of promotional visits to other markets has resulted in a number of additional traders trying one of Northumberland’s markets and a small number of these have stayed and are turning into new regular traders.

The social media training package for existing and new traders has been well received by the initial cohort and will be rolled out to more traders, we will connect their new skills and online profiles to the Council’s social media promotions.

Progress has been made in collaborating with other stakeholders and the management and promotion of Markets has improved since the Strategy refresh, but this has not been sufficient to reverse the decline in Northumberland’s Markets which continues to reflect the long term national trends within the high street retail sector generally.

Finance

Markets income has steadily reduced as the sector has shrunk and in 2015 a restructure was completed to reduce costs and ensure that the operating costs continued to be lower than the income generated, this was because income levels had been in decline for a number of years. Since 2015 income has continued to decline.

Year	2015/16	2016/17	2017/18	2018/19
Income £	151,539	136,629	121,967*	115,533

* Adjusted for the rent free period in Blyth, actual income of 101,967

The budget set for markets assumes a surplus of c£60,000 after all operating costs. For several years this target has not been achieved, albeit smaller surpluses have been generated, meaning that markets were not a cost burden to the County Council. In 2017/18 the operating surplus was £23,500.

In 2018/19 the markets incurred a net operating cost of £9,500 meaning that for the first time markets are a cost burden which is met from other front line service budgets.

This is due mainly to rising operating costs, including previously centralised utility costs now being accounted for in the markets budgets (utilities and business rates) and the increase in overtime costs for staff setting up and taking down market stalls in Ashington, a decision made to improve the presentation of Ashington Market following the redevelopment of Station Road.

2019 Review

It is proposed to conduct a review of the current operating model for County Council markets this year and to identify if it is possible to further reduce costs or generate additional income in order to return the service to providing a surplus.

It is also proposed that alternative operating arrangements for our markets be explored to identify if there are alternatives available that would improve market provision or better align the management of markets with their cultural offer or their local communities.

Implications

Policy	<p>A balance of trade policy is under consideration to support the strategy.</p> <p>A policy to maintain a neutral stance and not allow any political party to hire a pitch on any council run market will be formalised as part of this strategy review process.</p>
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Finance and value for money	Income from operating the market service has previously more than offset the cost of service provision, however there has been a downward trend in the level of income while operating costs have increased meaning that markets are no longer a net contributor to the council's overall revenue position. Action has already been taken to reduce the cost of managing and supervising the markets by integrating this activity more into the locally based Neighbourhood Services teams to improve the overall efficiency of this service. A further review is required in 2019 to identify if cost reduction and income generation exercises can return the service to providing a surplus, both at an aggregate level and for individual markets, and to explore alternative operating arrangements for our markets. However it should be noted that markets should not be evaluated solely on their financial performance as they can provide a wider economic and social contribution to their communities in respect of jobs, attracting visitors to the towns and providing business start-up opportunities. The review will therefore consider the wider impact of markets on the local economy.
Legal	None
Procurement	None
Human Resources	N/A
Property	The arrangements for provision and erection of stalls vary from one market to another. A balance needs to be struck between the need for local branding and a high standard of appearance for stalls, whilst ensuring the costs of operating the markets are minimised to ensure their financial sustainability. The provision of ground anchors within some public open spaces where markets are held is also desirable to reduce the likelihood of markets being cancelled due to high winds.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	There are no equality or diversity implications arising from this report, the balance of trade policy will require an impact assessment. The availability of disabled bays in Marygate Berwick during market days is the subject of a separate Equality Impact Assessment which is currently being consulted upon with key stakeholders.
Risk Assessment	The main risks associated with markets are financial and reputational. The downward trend in revenues from markets challenges the viability of continuing to run Northumberland's markets if this position can't be stabilized or reversed.
Crime Disorder &	In addition to routine compliance checks the management of markets work closely with trading standards and the police to prevent illegal goods from being offered for sale on any market stall. There are no crime and disorder concerns at this stage.

Customer Consideration	The Council's customers in respect of markets are the traders and the general public and the strategy aims to support their businesses by providing good trading conditions and to improve the experience for those visiting markets. The market traders' customers are predominantly Northumberland residents in their local town and visitors to the county, so successful markets are considered to benefit local communities and in some cases to contribute to the cultural offer to visitors.
Carbon reduction	None at this stage. Vibrant and successful markets attract local trade and can contribute to fewer car journeys, which can have a positive effect on carbon reduction activities. However, it is not yet possible to measure this impact.
Wards	Markets are primarily visited by local residents of the towns in which they are situated. However, markets have the potential to draw in visitors to the surrounding localities and shopping areas and are part of the county's history and culture, so any changes are of interest to all wards.

Background papers:

Northumberland Markets Strategy 2018 - 2023.

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	initials
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Executive Director of Finance & S151 Officer	AS
Relevant Executive Director	PAJ
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