

REGENERATION, COMMUNITY AND CULTURE OVERVIEW OVERVIEW AND SCRUTINY COMMITTEE

29 JANUARY 2015

MEMBER'S ITEM: TOWN CENTRE MARKETS

Report from: Director of Regeneration Community and Culture

Author: Richard Kidd – Economic Development Manager

Summary

This report sets out answers to questions, raised by Councillor Etheridge regarding Town Centre Markets in Medway.

1. Budget and Policy Framework

1.1 Under Medway Constitution Overview and Scrutiny rules (Chapter 4, Part 5, Paragraph 9.1) Councillor Etheridge has requested that an item on this matter is included on the agenda for this meeting.

2. The Issue

2.1. Councillor Etheridge has requested that this item be placed on the agenda. The issues raised by Councillor Etheridge are set out in paragraphs 2.2 and 2.6 Cllr Etheridge's questions, and officers responses are set out in paragraphs 3.1 to 3.6.

Councillor Etheridge states:

2.2 *In 2007 a public petition of some 5000 signatures was delivered to the Council demonstrating public support for the retention of Strood Market. This prompted the Council to undertake consultation, which determined that retaining Strood Market could have significant social, cultural and economic benefits to both Strood and the wider area. As a result, the petitioner's action was upheld and the market was re-sited to its current position, where it trades on a Tuesday and Saturday every week. Furthermore, the Council recognised the part that it could play in contributing to the greater success of the market*

and identified the petitioner as a potential market leader, with whom it would work to manage and develop the site. This arrangement was also extended to Gillingham market. At the time it was intended that the market leader/manager role would be a full time position to carry out the enhanced role although it should be noted that this never progressed and has been a part-time position only. The reality of this reduced hours post is that the officer appears to have little time for strategic development as most of his hours are taken up with rent collection and administration in conjunction with the Town Centre Manager. This partnership was intended to draw upon the expertise of the petitioner, an experienced and respected market trader, and the expertise and resource of the Council.

- 2.3 *The market got off to a flying start, benefiting from the renewed enthusiasm of those involved and the marketing of its retention in Strood. Like the rest of Strood, it was affected by the closure of the Council Civic Centre and relocation to Gun Wharf. Hard work has taken place by officers and the Portfolio Holder to ensure that the Town Centre property is occupied and, there is an active Town Centre Forum ably chaired that attracts a growing number of representatives; it sadly appears to not have representation from the market which I believe should happen as it has been positive in the past enabling the whole of the Town Centre to have their say in the strategic and practical working of Strood.*

Since the market's relocation to the new site Strood has seen the opening of many new businesses and supermarkets, many of which have opened within yards of the market itself. The increased footfall in Strood Town Centre is benefiting the whole town and the diversity of businesses operating there but are we maximising local economies by encouraging people to all parts of Medway to shop and enjoy all the things on offer in Medway and in this case Strood and its market and if so how do we do this and what are the costs.

- 2.4 *However, since the relocation of the market few of the suggestions put forward by the Market Leader/Manager or myself have been adopted, even when supported by the Portfolio Holder. At the Regeneration and Culture O&S meeting that took place in August 2014, I asked whether our markets should form part of our cultural strategy to enable it to have a more prominent focus and benefit from the Council led advertising and marketing. The Assistant Director did not support this at the time as it was not part of his portfolio.*
- 2.5 *The Greater London Authority recently undertook a wide-scale qualitative and quantitative study into their street markets, instigated because of concern about their decline across London. This study made a number of interesting observations and I have highlighted those that are not geographically sensitive i.e. they can be extrapolated and viewed as relevant to our markets in Strood (and Gillingham).*

- *Markets make a significant contribution to the vitality of our town centres. Of those surveyed (in London) 42% would not visit the Town Centre were it not for the existence of the street market.*
- *The existence of the markets supports higher living standards because of the availability of goods at lower prices, particularly good quality, fresh food.*
- *The fastest growing markets are specialist food markets or farmers markets. Where markets are declining this is almost exclusively occurring among traditional street markets managed by local authorities.*
- *In the most forward looking areas, town centre managers actively support the establishment or management of street markets.*
- *The decline in street markets often reflects wider retailing trends. Unlike supermarkets for example few street markets have responded to social change by responding to changing working or shopping patterns.*
- *Failure to invest in markets, or an approach which prioritises enforcement rather than management contribute to the failure and decline of street markets.*

2.6 *Interesting observations were also made about the characteristics of traders:*

- *Market trading is a career for many traders, with the average length of time for a trader to have been operating (in London) being 19 years.*
- *Correspondingly market traders tend to be older compared to the average working population.*
- *Traders tend to be extremely motivated to expand their business, for some it is a foot hold to getting permanent premises. This underlines the potential for markets to provide lower risk entry to retailing and entrepreneurship [comment: something that is shared with online retailing]*

3. **Questions for officers:**

- 3.1 ***Question 1: The Strood market has been Council operated for 7 years. During this time, what support has the Council provided to Strood Market, either financial or developmental? And given the breadth of opportunity to assist the Market, through marketing, events management, business development, training and the provision of equipment how has the cross-portfolio support element been managed? Please give a detailed breakdown and include what revenue income has the Council received from the market and what has subsequently been re-invested?***

The Council operates 5 markets – Monday and Saturday in Gillingham, Tuesday and Saturday in Strood and a Rochester Farmers market every third Sunday.

In the last 7 years, the Council has achieved a gross income before expenditure of £1,427,330 across all 5 markets.

Actual expenditure over this period covering all 5 markets was £622,719

The net income (after expenditure) for all 5 markets in the last 7 years has been £804,611

For Strood alone, the gross income over the last 7 years was £700,820

Actual expenditure for Strood over this period was £356,536

The net income for Strood over this period was £344,284

The expenditure budget pays for staff salaries, staff expenses such as travel costs and training, plus budget for equipment and materials, and to pay for business rates and car parking rental fees, waste services and for marketing, publicity and promotional support. The budget also covers insurances that are required, such as Public Liability Insurance.

The Council's Revenue Budget sets out an income target for each of the markets, as follows:

Gillingham	£113,411
Strood	£128,515
Rochester Farmers Market	£ 7,000

Apart from the expenditure set out, a marketing budget of £7,500 across the markets is spent on events and performers to enliven the markets, publicity material, printing costs, publicity advertisements, signage, and giveaway gifts such as hessian shopping bags.

3.2 Question 2: Please provide a detailed breakdown of revenue and expenditure, including staff costings, for the Continental Market, Farmers' Market and Christmas Market. Please indicate what support is given eg marketing/signage.

The Regeneration & Economic Development service is responsible for the Farmers Market. Staff costs relating to the Farmers Market are included in the overall expenditure set out above.

Farmers Market signage is placed at strategic locations around Medway a few days before the once per month market takes place and is removed the following day of the market.

Continental Markets

The last of these continental markets was held in Chatham Town Centre in 2009; a French Market which was not repeated due to lack of demand from traders.

Christmas Markets

In 2010, the council entered into an agreement with a commercial operator - Dream Workshops - to operate a German style Christmas market in Rochester, each year in December for a period of 5 years. In 2012, after only 2 years, Dream Workshop withdrew from the agreement at very short notice, as a result of heavy financial losses.

Due to demand from the public and the Rochester High Street Traders, it was decided that the council team should deliver a Christmas market in Rochester in conjunction with the Dickensian Christmas festival.

Following the success of the 2012 event, it was decided to continue to operate the Christmas markets, for a trial period, to determine if it could be run at no cost to the council. The market is in its 3rd year and is currently cost neutral.

- 3.3 *Question 3: The Centre for Retail Research states in its recently published forecast for 2018: 'Much comment about retailing either sees shops as doomed (most shops will close as online takes over the majority of retail sales) or believes that online will peak, making the crisis shakeout in the industry (business as usual). In fact neither view is accurate, radical changes need to be made by retailers, town centres and the government to preserve what is best in retailing.***

What opportunities are there for innovation to further support and strengthen our Market, which is a key tenet of Strood Town Centre, and is there space to reconsider the placement of our Markets, squarely alongside our consideration of our Town Centres as part of our Cultural Strategy?

There are three key areas where improvements in the markets can be made:

1. Improvements to the operational efficiency of markets
 - Better technology to administrate markets
 - Work towards ISO accreditation
2. Increasing the number of traders and customers at our markets
 - Coordinated marketing and promotional activities
3. Investing in the physical environments of markets
 - Improve physical appearance of markets sites, including power provision,

signage, branding, potential for fixed covers

3.4 *Question 4: Are there opportunities to further develop our Market presence in the Medway Towns through a more seasonal approach or through improved advertising of the market?*

The Council already operates a Christmas Market and markets to coincide with many of its festivals and events.

Consideration is currently being given to operating a regular market in Chatham, provided it can be shown that it is financially viable.

Additional advertising could be carried out but the current marketing budget is limited.

3.5 *Question 5: What growth markers would need to be set down in order to justify reinstating the Market Manager as a full time position with capacity for strategic overview? Is there a wish for other areas within the Medway Towns to have their markets reinstated and for the system to benefit further from economies of scale?*

The existing staff structure for markets includes 3 part time staff.

In the current economic climate, a full time manager could only be justified if this would significantly increase rental income. There is no evidence that this could be achieved.

Officers will pursue opportunities to improve the environment of the Strood Market site if funding is available. Officers are working with colleagues in the Transport team to submit a more detailed business case.

3.6 *Question 6: What promotion is taking place within the market trade to encourage new traders? What untapped promotional potential is available?*

Canterbury Market is an example of a Kent Market that has invested in a 'Green Shoots' initiative, supported by the National Association of British Market Authorities, to increase the number of younger traders at its markets. A similar programme could be developed in Medway and resources to enable this approach are being considered.

The Lead Markets Officer's forthcoming strategic plan will set out a range of measures that will help to increase markets promotion.

4 Director's comments

- 4.1 Medway's Council run markets are effectively operated, albeit with limited resources.
- 4.2 The lead Market Officers forthcoming strategic plan will set out how the markets could be improved and expanded.

5. Risk Management

5.1

Risk	Description	Action to avoid or mitigate risk
Income	Falling income from not investing in the markets	Pursue all avenues for funding and investment, including SELEP Transport funding
Changing role of town centres	Many discounted stores in Town centre locations compete to offer a better product than equivalent market products	Differentiate the markets offer where possible away from the shops offer

6. Financial and Legal Implications

- 6.1 Rule 9.1 of the Overview and Scrutiny rules in the Council's Constitution provides that any member of an Overview and Scrutiny Committee is entitled to give notice that he/she wishes an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee. This is to comply with the requirements of section 9FC Local Government Act 2000. The consideration of this item is therefore a proper matter for this Committee.

7. Recommendation

- 7.1 That Committee notes the contents of the report and the answer's to Cllr Jane Etheridge's questions.

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Background Papers

None