



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Market Hall Update
Meeting of:	Cabinet
Date:	Monday 13 th June 2016
Is this an Executive Decision:	No
Is this a Key Decision:	No
Is the Report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	[]

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **Angela Wakefield**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 13th June 2016

REPORT TITLE: Market Hall Update
PORTFOLIO: Cultural Services
HEAD OF SERVICE: Mark Rizk
CONTACT OFFICER: Catherine Malkin Ext. No. x1325
WARD(S) AFFECTED: All

1. Purpose of the Report

- 1.1. To update and appraise the Leader and Deputy Leaders on recent developments at the Market Hall and propose some further developments.

2. Background

- 2.1. The Market Hall reopened to the public in June 2014 following an extensive refurbishment.
- 3.2 The Scrutiny (VALUE FOR MONEY COUNCIL SERVICES) Committee has begun a review of this service. The most recent meeting (March 16th 2016) considered the initial responses to the scoping paper (see Background Paper A). It is planned that the Deputy Leader and Head of Service attend the next meeting in June to respond to the detail of the review.

3. Contribution to Corporate Priorities

- 3.1. Promoting Local Economic Growth.

4. Report

- 4.1. In June 2016, the Market Hall will have been in operation for two years. During this period a number of developments have taken place in the delivery of this service. This report will consider the following aspects of the Market

Hall operation; Lettings to Traders, ‘Pop up’ lets, events and activities, marketing and initial feedback on the current scrutiny review.

5.2 **Lettings to Traders**

5.2.1 The generation of income from the letting of fixed trading units is the most significant aspect of the Market Hall operation budgeted at £263,659. The total income budget for 2016/17 is £329,259. There are a number of issues related to the collection of income from this source-these are set out below;

5.2.2 **The tariff of charges for the letting of units;** the original tariff of charges was set with the advice and guidance of Quarterbridge (consultants). An exercise to compare these rates with other retail units in Burton upon Trent and a number of other locations illustrates that charges per square ft are generally higher in the Market Hall. Having said that, each new tenant is able to negotiate lease fees for at least part of their first year of occupancy. (Appendix A provides a list of comparative charges).

5.2.3 **The level of footfall into the Market Hall-**one of the consistent arguments raised by traders in terms of their ability to make lease payments is the level of footfall into the Market Hall. In October 2014, footfall counters were installed on both main entry points into the Hall. From October 2015 we have been able to provide evidence of ‘year on year’ changes in footfall.

5.2.4 It is pleasing to report that year on year footfall has shown an increase on previous year’s performance as shown in the table below;

MONTH	FOOTFALL		+/-	%
October (11 th -31 st)*	2014 - 10,917	2015 - 14,704	+ 3,787	+35
November	2014 - 23,818	2015 - 25,218	+ 1,400	+6
December	2014 - 18,187	2015 - 20,842	+ 2,655	+15
January	2015 - 15,463	2016 - 18,575	+3,112	+20
February	2015 - 18,630	2016 - 20,837	+2,207	+12
March	2015 - 19,037	2016 - 22,032	+2,995	+16
*Footfall counters operational from 11 th October 2014				

5.2.5 **Trader movements into and out of the Market Hall-** of the original group of nine traders who resumed business within the newly refurbished Market Hall in June 2014 only two of these remain. There are a number of reasons why traders have left the Market Hall. These tend to fall into one of three of the following categories;

- The business has either outgrown the Market Hall or the business has developed a new or different business model.
- The Trader has reached the end of their ‘introductory’ period and is unable to pay the increased/higher rate.
- The Trader has built up considerable arrears in terms of lease payment and is required to leave as a consequence
- Movement of traders within the Market Hall-since opening there have been a number of internal movements of businesses. This has been due to units

becoming available that were an original preference or expanding the business to a larger unit. Two traders have expanded their businesses from one unit to two or indeed three.

5.2.6 An overview of the current position vis-à-vis trader occupancy is shown in Appendix B. The target occupancy level is 80% and above (Corporate Plan target PLEG 03).

5.3 **'Pop up' lets**

5.3.1 Pop up stalls are let on a casual daily basis Thursday – Saturday inside the Market Hall. Since opening the price per stall has been set at £10 a day.

5.3.2 A number of incentives have been offered to try and increase pop up numbers including 'buy one get one free', or trade on Thursday and get Friday or Saturday free in the same week. Incentives like this were trialled to try and maintain trader numbers across the three traditional market days. Trends started to show that Thursdays were busy, however dropped off on Friday and Saturday. However, in the past 12 months Saturdays have now become the busiest 'pop up' day.

5.3.3 A number of casual pop up traders have become 'regulars' and trade every week on specific days.

The table below shows the average pop up numbers for the past four months

	Thursday	Friday	Saturday	Total	Average
November	7	6	10	91	8
December	9	7	15	91	10
January	8	5	7	74	7
February	9	8	13	123	10
March	7	4	7	78	6

5.3.4 From the table it is apparent that the average number of 'pop ups' began to increase in the lead up to Christmas, and naturally January is a quieter month in the retail sector. Encouragingly, February figures started to improve again. In March two of our regular pop up traders expanded their business into a fixed unit having a negative effect on pop up numbers.

5.3.3 **'Pop up' success stories;**

- Since opening, 10 traders have begun their business on a 'pop up' stall in the Market Hall. Due to their success they took the decision to expand to a fixed unit. However, as all of these traders were regular casual 'pop up' traders there has been a 'knock on' effect in some months with resulting 'pop up' trader numbers.

5.4 **Events and Activities**-In addition to the 'normal' trading activities within the Market Hall, the original business model set out a wide variety of entertainment use of the Market Hall outside the 'normal' trading pattern.

5.4.1 During 2015/16, the Market Hall played host to a number of events including;

- St Georges Day Parade
- Murder Mystery
- Yarn Bombing
- Free Bouncy Castle
- College Exhibition
- Gardening Festival
- Co-Op Learning Trust Choir event
- Summer Holiday Activities
- Autumn Festival - Sale of plants and produce
- Tai Boxing Event
- Xmas Lights Switch On
- Business Event for Traders
- Easter Festival

5.4.2 Planned future events include;

- Boxing events
- Further Festival type events
- 'Sport in the Hood' activities
- Barn dances
- Love your Local Market fortnight
- Festival of Gardening
- Quarterly Craft Markets
- Cultural Services Festival events
- Seasonal themed Markets

5.4.3 In order to supplement 'normal' trading a number of other specialist 'markets' have also taken place in the Market Hall in order to generate additional interest and footfall into the facility. Examples of these are shown below;

- Farmers Market Event
- Christmas Craft Market
- Antiques Fair
- Halloween Market
- Car Boot
- Market Bazaar (including live music and classic cars)
- Angling Fair
- Victorian Market
- Record Fairs

5.4.4 All of the events that have been booked and held by third parties have been well received with lots of positive comments from visitors about the Hall. The acoustics in the Hall have also been commended by musicians and entertainers.

5.5 **Marketing**

5.5.1 Following the restructure of Cultural Services during 2015, the remit of the Marketing Officer was extended to cover the Market Hall. Since that time a Marketing Plan has been developed and implemented.

5.5.2 A number of initiatives have been implemented including;

- A newsletter to traders-informs traders of events and activities taking place in the Market Hall and provides an opportunity for feedback.
- Newsletters to Market Hall customers-informs customers of upcoming activities and events taking place in the Market Hall.
- Monthly Prize draw-as an incentive for customers to purchase items from the Market Hall, ESBC provide a £25 cash prize each month. This enables the management to capture data (customer emails etc) and encourages further spend in the Market Hall.
- Promotion of 'Sport in the Hood' activities in the Market Hall-each holiday season the sports development team hold activity sessions in the hall to attract potential new customers.
- Co-promotion of activities-traders have the opportunity to market promote their business in ESBC literature.
- 'High profile' marketing campaign in the 'run up' to Christmas 2015-i.e. the use of bus stop advertising and advertising hoardings.
- Easter 2016 'Festival' event with activities across the town centre, including the Market Hall.
- Targeted trader recruitment through the use of Rushton Hickman data base (Jan 2016)-resulted in over 11 leads.
- Launch of the Market Hall 'Lettings and Events' booklet.
- 'Build a business' sessions held in the Market Hall to provide advice for the businesses in the Hall.
- Embedding trader websites into the ESBC main Market Hall website.
- Extensive use of social media, including Facebook posts and twitter updates.
- Membership of the National Association of British Market Authorities which permits joining the 'Love Your Local Market Campaign'.

5.5.3 In addition to the electronic media mentioned in 5.5.1 the Market Hall is also directly promoted through a number of other publications and media outlets. These include;

- The revised ES News.
- The Market Times (feature article appearing in April).
- Market Trade News.
- The Market Trader.
- The Markets Year Book.
- An on-line listing in 'Stall Finder'.

5.5.3 These activities have resulted in a significant improvement in a number of performance measures. The Appendix C illustrates some of these improvements.

5.6 Scrutiny Feedback

- 5.6.1 The Scrutiny (Value for Money Council Services) Committee met for a second time on March 16th 2016, to review the performance of the Market Hall. A verbal update in response to the thirteen questions derived from the first meeting was provided by the supporting officer. A number of requests were made by members during the meeting, including; a site visit and the opportunity to review social media channels.
- 5.6.2 The next Scrutiny meeting is scheduled for 15th June.

6 Market Hall Development Proposals

- 6.1 As identified in 5.2.2 there is currently a specific issue relating to the level of charges in the Market Hall compared to other retail establishments. Officers have identified a number of proposals that could address this issue.
- 6.2 One proposal would be to undertake a review of the level of charges for indoor unit lettings in order to facilitate increased occupancy levels and achieve revised (lowered) income targets.
- 6.3 It is also recognised that new start-up businesses may be reluctant to commit to long term lease arrangements. Other Market Halls, e.g. Shrewsbury Market Hall operate a licence agreement that operates on a short-term basis. Shrewsbury's experience indicates that this has increased trader interest and that Market Hall currently operates a waiting list for traders. Therefore a further proposal would be to explore alternative letting terms, including the option of short-term lets as opposed to the leasing arrangements currently in place.
- 6.4 Occupancy levels could be further enhanced by exploring opportunities to work with the Council's Enterprise Team in order to provide support to starter businesses. Favourable terms could be offered to these businesses in the form of income/risk sharing opportunities on new unit lettings. This would enhance the business development opportunities provided by the Council.

7 Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Paul Billings

- 7.1 There are no direct financial implications resulting from this update report. The following financial performance data is presented below for information.
- 7.2 The table below compares the Markets financial performance for the first nine months following the reopening of the Market Hall with the same period for 2015/16. This clearly shows that over the course of its second year of operation, income to the market hall has increased by 82.22% whilst operating costs have reduced.

Table 1

	June 2014 - March 2015	June 2015 - March 2016	
	Actual £	Actual £	% Change
Operating Costs	247,299	232,526	-5.97%
Income	-99,202	-180,767	82.22%
Net total	148,097	51,759	-65.05%

7.3 Table 2 below compares the outturn against the budget for 2015/16, as well as comparing against the last full year of operation before refurbishment

Table 2

	Outturn 2015/16 (Full Year)			2012/13 Outturn (Last full year of operation prior to refurbishment)
	Budget £	Actual £	Variance £	Actual £
Operating Costs	292,139	266,117	-26,022	255,435
Income	-401,259	-210,824	190,435	-279,587
Net total	-109,120	55,294	164,413	-24,152

7.4 The 2015/16 outturn income figure in table 2 includes the total value of invoices raised for the rental of market stalls. 45% remained outstanding or unpaid at the end of March.

8 Risk Assessment and Management

8.1 The main risks to this Report and the Council achieving its objectives are as follows:

8.2 **Positive** (Opportunities/Benefits):

8.2.1 The activities and actions identified in this report provide positive evidence of the work being done to develop the Market Hall.

9 Negative (Threats):

- 9.1 The report provides a snap shot in time of the Market Hall performance and future performance is always subject to 'market' pressures.
- 9.2 The risks do not need to be entered in the Risk Register.

10 Legal Considerations

*This section has been approved by the following member of the Legal Team:
Angela Wakefield*

- 10.1 There are no significant legal issues arising from this Report.

11 Equalities and Health

- 11.1 **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.
- 11.2 **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed.

Human Rights

- 12 There are no Human Rights issues arising from this Report.
- 13 Sustainability (including climate change and change adaptation measures)
 - 13.1 Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures): N/A

14 Recommendation(s)

- 14.1 Undertake a review of the level of charges for indoor unit lettings with a view to reducing charges. These to be benchmarked against similar retail establishments (refer to appendix A)
- 14.2 Explore alternative letting terms, including the option of short-term lets as opposed to the leasing arrangements currently in place.
- 14.3 Explore opportunities available with Enterprise Team to provide support to starter businesses in the form of income/risk sharing with new unit lettings.

15 Background Papers

- 15.1 Scrutiny scoping paper.

16 Appendices

- 16.1 Appendix A: Copy of Rent Comparison
- 16.2 Appendix B: Market Occupancy
- 16.3 Appendix C: Marketing Performance Measures