

7. Management of Street Markets in Area West (Executive Decision) (Excepted Business)

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Purpose of the Report

To examine the issues affecting the support and operation of street markets in Area West and recommend the development of a new strategic approach.

Recommendations

It is recommended

- (1) that the Joint Area Committee - West affirm its desire to support the provision of markets as a means of increasing the vitality of town centres and encouraging enterprise and support measures to improve markets as described in this report;
- (2) that the District Executive when considering the inescapable commitment bid put forward by Area West be requested to note the issues affecting street markets in general in South Somerset;
- (2) that the Area Development Manager (South) establish a strategy with clear objectives for the future support, operation and performance of street markets in South Somerset.

Background and Summary

SSDC has managed Street markets in Yeovil, Chard, Crewkerne and Ilminster for many years. As part of a restructure in 2002, management of this service was placed with the Area Development Manager (South). However, since 2005 and on the recommendation of internal audit, income and expenditure figures for the Area West Markets appear in the Area West Development budgets that were regularly reviewed by the former Area West Committee. When considering the last two annual outturn reports, members expressed concern that income targets were no longer being achieved.

In November 2008, members of the former Area West Committee received a report from the Head of Area Development (South), which drew attention to the decline in take up of pitches by market traders.

Members requested a more detailed report from the Head of Area Development (West) on the longer term trends and options available for the future operation of the markets.

An investigation and analysis of the underlying causes has proved both lengthy and complex. A recently received draft Audit report on the operation of markets by SSDC has raised further issues.

The Heads of Service for Areas West and South have concluded that it is not yet possible to bring forward options for the future operation of markets.

However, the key issues are now identified as follows;

- The operation of markets in South Somerset as a whole still generates an excess of income over expenditure.
- SSDC support for markets is assumed to contribute to the vitality of town centre economies, but there is no formal strategy to confirm and guide this support.
- The allocation of overheads to each market affects perceived levels of profitability for each market.
- The current allocation of overheads mean that the running costs of Area West markets are subsidised from other Area West budgets.
- Income from Area West Markets was relatively stable from 1998/9 to 2005/6.
- Income from Chard Market fell dramatically (by approximately £7,000 or 50%) in 2006/7 and has not recovered.
- Income from Crewkerne Market fell during the redevelopment of South Street Car park (Waitrose Store) when the market was moved twice, but the relative amounts involved were smaller.
- These falls in income reflect low take up of available pitches. Despite competitive pricing, Chard market in particular is operating well below capacity.
- The current business model for the operation of markets is not sustainable.

Current Operation of Street Markets

Day to Day Management

SSDC employs one officer, the Market Supervisor, whose role involves the day to day running of the markets, facilitating the set up and closure of daily markets. She takes payment from traders and is responsible for making effective use of the small advertising budget.

The Market Supervisor has limited capacity to find new market traders that could take up vacant pitches. Historically, increasing or maintaining the use of pitches by market traders has been encouraged through competitive pricing.

Overall the markets in South Somerset generate an annual net income. In 2008/9 this was £7,342.

Market Capacity in Area West

- Chard market has 16 x 10ft pitches running the north and south sides of High Street/Fore Street.
- Ilminster market has 14 x 10ft pitches in and around the market house
- Crewkerne market has 12 x 10ft pitches in South Street car park.

The current average occupancy of the markets is low with an average of 8 pitches per week being taken in Chard and Ilminster in 2008/9 and only 4 in Crewkerne.

Income and Expenditure History and Analysis

There has been a decline in the actual income gained from the Area West markets since 2003, which has not been reflected in the budget, as detailed in the Table 1 overleaf.

Table 1

Year	Budgeted AW Income	Actual AW Income	Chard Actual income	Crewkerne Actual income	Ilminster Actual income
1998/9		22,876			
2002/3		17,446			
2003/4	21,210	21,806			
2004/5	21,740	20,902	11,619	5,630	3,653
2005/6	22,280	23,428	14,971	4,397	4,060
2006/7	22,840	16,638	8,175	4,640	3,823
2007/8	22,840	13,566	6,796	2,864	3,906
2008/9	23,410	12,351	6,940	1,497	3,914

Table 2 indicates the actual levels of occupancy of pitches in 2008/9 and the income this generated. It also shows the levels of income that would have been achieved if all pitches had been fully taken up. Finally it indicates the levels of use, or take up, that would have been required to reach the budgeted income, which was around 93% rather than the 48% actually achieved.

Table 2

Market	Pitch Nos.	Ave. Use in 2008/09	Ave. Use (%)	Actual Income 2008/09	Potential Income @ 100% Use	2008/09 Budgeted Income @ approx. 93% Use
Chard	16	8	50	6,940	13,880	12,900
Crewkerne	12	4	33	1,497	4,492	4,160
Ilminster	14	8	57	3,914	6,849	6,350
AW Totals	42	20	48	12,351	25,221	23,410

In 2005, an internal audit report recommendation that the expenditure as well as the income attributed to Area West be allocated in the Area West budget, while management remained with Area South, was adopted. Overheads were split more or less equally 5 ways to cover the 2 Yeovil markets and the 3 held in Area West.

In the first year, this arrangement generated a small net surplus of income in the Area West budget of around £ 2,640. However, in subsequent years it produced a growing net deficit. This is shown in Table 3. It was this more than anything that caused members to request a more detailed report on the longer term trends and options available for the future operation of the markets.

Table 3

	Expenditure Based on 60% overheads	Actual income	(Surplus)/Deficit
2005/6	20,680	(23,428)	(2,748)
2006/7	22,527	(16,638)	5,889
2007/8	22,081	(13,566)	8,515
2008/9	27,400	(12,351)	15,049

The current apportionment of overheads is fairly simple and takes no account of economies of scale or source of income. If the split had been made on the number of income generating pitches, the percentage would be 70-30% with Area South having more than double the number of pitches than Area West. Table 4 shows this alternative

arrangement, which would have significantly altered the perceived “profitability” of Area West markets since 2005.

Table 4

	Expenditure Based on 30% overheads	Actual income	(Surplus)/Deficit
2005/6	10,340	(23,428)	(13,088)
2006/7	11,263	(16,638)	(5,375)
2007/8	11,041	(13,566)	(2,525)
2008/9	13,700	(12,351)	1,349

Views of Traders

To improve understanding of the operation and future prospects for street markets in Area West, Community Development Officer, Claire Littlejohn, interviewed the Market Supervisor, Joy Streetin, and 9 traders who attend the Area West markets. The following main points emerged.

- The relocation of Crewkerne’s market in 2007 due to the Waitrose supermarket development caused a reduction in the maximum size of the market and a decline in the number of stallholders attending. The fee charged was also reduced to compensate for the instability, to £5.50 per 10ft and £6.50 for casuals.
- Crewkerne market suffers from a poor location, disjointed from the main retail area it does not enjoy high visibility or a natural flow of footfall. With proposals for the partial pedestrianisation of Market Square this site could be reinvestigated as a potential for relocation.
- During the interviews with traders, the weather was raised as a key barrier and has a big impact. Over the last few years we have experienced very wet summers, reducing the number of weeks traders were able to operate without fear of damage to stock or loss of earnings.
- Uncertainty of the economic climate is having a big impact on traders, as with all small businesses. Traders feel the closures of bigger shops such as Woolworths is not attracting people into the market towns and the increase in “£1 shops” and general goods stores is competition to their traditional market. Equally market trading is not viewed as the employment option it was 20-30 years ago and so there are not as many new traders coming through.
- Through interviews with Area West traders and the Market Supervisor it was established that the pitch fee was very competitive in South Somerset and was not a factor in deterring stallholders. The main barrier highlighted was poor footfall and most felt that once the markets could attract greater footfall, more traders would be encouraged to attend. Since 2004/5 only £1,152 has been spent on advertising and promotion of the markets in South Somerset.
- In June 2002, Area South Committee agreed to set charges of £11 per 10ft for regulars in Crewkerne and Chard, £9 for 10ft for regulars in Ilminster and a casual rate of £13. Fees agreed for Yeovil were £14 per 10ft and £17.50 for casuals. There have since been annual inflation increases on the pitch fees.
- However, to remain competitive the pitch fees have not been increased since 2002. In fact, there have been reductions on the fees actually charged. Ilminster

has a flat fee of £9 for 10ft for regulars and casuals and Crewkerne is charged £5.50 and £6.50 respectively for 10ft. While traders have commented positively on this decision, it is not being properly reflected in the budget forecasts.

Opportunities for Growth

The interviews highlighted low footfall as being the main barrier to the development of successful markets. Below are some ideas, which would help to increase the footfall:

- Promotion of the markets could be significantly increased through:
 - Improved use of the website.
 - Greater prominence of information in the Tourist/Local Information Centres.
 - Posters in community notice boards and other appropriate locations.
 - Greater publicity coverage in local media.
 - Improved street signage such as banners and road signs to attract local footfall and passing trade.
 - Traders could take turns in offering a loss leader or discount promotion to attract greater footfall. One trader reported that this happens in Portishead with a good degree of success and is co-ordinated by the Market Manager.
 - Annual/Seasonal events and fun days to raise awareness and attract footfall to the market.
 - Charity days to raise funds for a particular cause or organisation.
 - The National Market Traders Federation also suggest involving local schools in growing and making produce to sell at markets. This gives young people experience in running a market stall, encourages entrepreneurial behaviour and creates an interest in the production of crops, food and crafts.
- Gaps in provision could be filled by promotion within the Portuguese and Polish communities to encourage new traders.
- Ilminster's market is proving successful at focusing on food items. Themes could be promoted within the other markets with similar success.
- Establishment of a local Market Traders organisation that could take a more proactive role in the marketing and promotion of their markets, encouraging ownership and innovation.
- Business Link could be approached to provide advice and training to new traders.
- Physical barriers do not restrict the size of the current markets, so if they can become successful and the trader base grows the number of pitches could be increased, reducing the shortfall in income.

Strategy

The recently received draft South West Audit Partnership report on the operation of street markets by South Somerset District Council draws attention to the lack of strategic management, service plan or clear objectives for the markets.

It is a fair observation. The SSDC strategy is largely an implied one through which local markets generate enough income to cover their costs and contribute to the social and economic vitality of town centres.

In 2003, the Area West Committee supported a proposal to extend Chard Market for these very reasons, spelt out in great detail in the committee papers.

There is growing national evidence that well supported markets add value by promoting social cohesion and help sustain vulnerable local economies.

However, the current SSDC strategy is unable to adequately address the issues of economic challenge and decline now being experienced or to help assess the actual net social and economic value that our markets provide. A more explicit strategy with clear objectives for the long-term future of markets is the obvious and necessary next step. This will enable balanced long-term decisions to be taken to invest or disinvest in local markets.

A service plan reflected in the area development plan linking to town centre regeneration would be a positive step forward and will be addressed within the new council structure following the reorganisation.

Financial Implications

For 2008/09 the financial position for the markets based on the current overheads split of three days and five days for shared costs was as follows:-

	Area West Markets	Area South Markets	All SSDC Markets
Actual Expenditure	27,400	27,980	55,380
Actual Income	(12,351)	(50,371)	(62,722)
Actual (Surplus)/Deficit	15,049	(22,391)	(7,342)
Net Budget	2,030	(31,940)	(29,910)
Shortfall in Budget			22,568

Inescapable bids based on falling income levels in the first six months of 2009/10 have been submitted by the Area Heads of Service for South (£18k) and West (£10k) for consideration in the 2010/11 budget setting process.

Implications for Corporate Priorities

SSDC Corporate aims 2 and 4 are about increasing economic vitality and prosperity, and ensuring safe, sustainable and cohesive communities. Markets can potentially play a vital role in developing the local economic environment; supporting local enterprise ensures the sustainability and self-sufficiency of an area.

Background Papers: *Planning Policy Statement 6: Planning for Town Centres, Joseph Rowntree report - Markets as sites of social interaction 2006 House of Commons / CLGC - Market Failure? Can the traditional market survive? 2009 Area West Committee reports May, June, October 2003 and November 2008 Internal Audit report July 2005 SW Audit Partnership Draft Discussion Document 2009*