

<b>REPORT TO:</b>	Employment, Business and Investment Scrutiny Committee
<b>REPORT NO:</b>	HAED/50/15
<b>DATE:</b>	2 December 2015
<b>LEAD MEMBER:</b>	Councillor Neil Rogers (Lead Member for Economy – Economic Development and Regeneration)
<b>CONTACT OFFICER:</b>	Amanda Davies (292544)
<b>SUBJECT:</b>	Update on the performance of Wrexham Indoor Markets
<b>WARD:</b>	Smithfield and Grosvenor

## 1. PURPOSE OF THE REPORT

For Members to review and consider and comment on the performance of the three indoor markets located in Wrexham Town centre.

## 2. EXECUTIVE SUMMARY

- 2.1 This is the third update report on the performance of Wrexham indoor markets following recommendations to this committee by a Task and Finish Group in September 2013.
- 2.2 Between September 2013 and November 2015 occupancy of the three indoor markets has fluctuated considerably. To maintain or increase occupation levels a number of promotional activities have been undertaken and flexible occupation agreements have been introduced.
- 2.3 Markets income has been resilient in two of the markets, but there has been a decline in the income associated with the People's market. Total projected income in 2015/16 from the three indoor markets is £282,899 and along with projected income from the Town Centre Shops of £35,988, this totals £318,887. Estimated expenditure for 2015/16 amounts to £344,790, thus giving an anticipated operating deficit of £25,903. However, the outdoor markets are expected to achieve a net income of £25,903 to offset this deficit.

### **3. RECOMMENDATIONS**

#### **3.1 That Members consider and comment on the progress and actions outlined in this report**

### **REASONS FOR RECOMMENDATIONS**

That Members understand past and current performance before considering subsequent reports on the future of the indoor markets.

### **4. BACKGROUND INFORMATION**

- 4.1 A Strategic Asset Management Plan (SAMP) giving strategic direction for the Wrexham town centre indoor markets was originally presented to the Employment, Business and Investment Scrutiny Committee (EBISC) on 6th February 2013 (HAED/03/13s) and approved by Executive Board 9th April 2013 (HAED/18/13). Subsequently, EBISC established a Task and Finish Group to consider in depth the issues and constraints relating to the operation of the markets. In September 2013 that group made a series of nine recommendations. However, some of the recommendations of the Task and Finish group were overtaken by proposals identified in a study undertaken by external markets specialists,(Quarterbridge) that proposed the introduction of an Arts and Cultural Space into the People's market. The viability of that idea increased following a successful application for external funding under the Welsh Government's Vibrant and Viable Places programme
- 4.2 Two update reports on the performance of the indoor markets have been considered by EBISC following the recommendations of the Task and Finish group in September 2013 (HCCS/95/13S). The first Information Report was in May 2014 (HAED/20/14) and subsequently, in September 2014 (HAED/46/14S)
- 4.3 Although the actions identified in the Strategic Asset Management Plan and the recommendations of the Task and Finish group were somewhat superseded by the Quarterbridge recommendations, they are nonetheless a consistent starting point for this review. The recommendations were as follows.

**Recommendation 1:** That HAED (Head of Assets and Economic Development) commission a specialist market development company to undertake a fully costed feasibility study in 2013/14 in order to enable Members to consider options for the long term future development of the town centre markets with a view to ensuring that the markets make a positive contribution to Wrexham town centre and the local authority.

#### Action/Outcome

- 4.4 As instructed by the Task and Finish group, The Head of Assets and Economic Development appointed external market specialists (Quarterbridge) by competitive tender to undertake an evaluation of the longer term options for the future operation and development of the indoor markets.

**Recommendation 2:** That the HAED and the Lead Member explore the links between Recommendation 1 and the funding opportunities afforded by WG's 'Vibrant & Viable Places' regeneration programme.

#### Action/Outcome

- 4.5 The Quarterbridge study identified opportunities for an Arts and Cultural Space that were linked to Welsh Government's Vibrant and Viable places funding programme. A subsequent study in 2014 confirmed that the People's market was the preferred location for an Arts and Cultural Space.

**Recommendation 3:** That the proposed Indoor Markets Repair and Maintenance / Improvement Plan for 2013/14 be supported in principle.

#### Action/Outcome

- 4.6 Repair and maintenance costs have increased due to the age and condition of the buildings. The total expenditure was £51,517 in 2012/13, £61,020 in 2013/14, £66,544 in 2014/15 and in this current year 2015/16, the projected expenditure is reduced to £52,754. This reduction in the current year is to allow for the cost of granting rental concessions traders in the People's market.
- 4.7 At all times urgent repairs and those affecting Health & Safety have always been given priority. Due to reduced income the focus has been very much on essential repairs, such as repair glass roof in General market, replacement of mechanical and electrical equipment in all three markets. That said, a number of improvements have been made including external signage, installation of a speaker system in General Market. Stalls in the People's market that obscured windows on Holt Street were relocated to improve natural light levels. However, there were a number of improvements identified in the original SAMP that whilst not essential, there were many that were identified as highly desirable, including replacement of internal signage, improved lighting, heating upgraded access to be fully DDA compliant, renewal of the floor in General Market, upgrade of traders toilet facilities in the General and Butcher's market. Upgrade of CCTV systems.

**Recommendation 4:** That revised application procedures be implemented and promoted to prospective tenants.

#### Action/Outcome

- 4.8 Currently, there is an agreed two month casual tenancy agreement in place as reported in both EBISC reports September 2013 (HCCS/95/13S) and September 2014 (HAED/46/14S). However, the need for greater flexibility is apparent. Many operators of Indoor market elsewhere have been forced by changing needs and circumstances of traders to offer increasingly more flexible occupation agreements. Flexible agreements are attractive to potential traders who intend to operate a stall but don't want to commit to agreements that lock them into what might be perceived to be onerous terms and conditions or extended periods of notice. A proportion of new traders intend their occupation to be short term and temporary at the outset. Going forward both occupation agreements and rental levels will need to be reviewed when the Management Plan is next revised following the Executive Board decision on the future of the People's market.

**Recommendation 5:** That the HAED should ensure that the Market Manager's role includes supporting applicants through the application process, actively promoting links with the Council's Business Support Officers and an 'induction' and information pack.

#### Action/Outcome

- 4.9 A revised markets organisational structure has been prepared. However, this has not been implemented due to wider restructure proposals. In the absence of a Markets Manager, the Marketing and Promotions Manager has continued to assume day to day control and initiated several changes in respect of the trader application process that are broadly consistent with recommendations of EBISC. In addition;
- all potential traders are given a one to one consultation with a member of the marketing and promotions team;
  - potential traders are offered a stall and receive a tour of the three markets, where the product offer is discussed in relation to the current product offer in the markets; and
  - The Assets and Economic Department's Business Development Team no longer provides support to Traders. Business Support is now provided in Wales by Welsh Government Funded programmes under the 'Business Wales' banner.

**Recommendation 6:** That the HAED undertake a survey of market traders as soon as possible in order to establish a 'benchmark' against which the outcomes of the planned improvements can be measured annually. The survey should focus on areas of improvement due to be undertaken (as outlined in the Proposed Maintenance / Improvement Plan, e.g. cleaning, repairs, signage, marketing & promotion activities, improvements in market management, communication with the Local Authority, etc.) and be designed using 'closed' questions or questions which require a satisfaction score to enable year on year comparison.

#### Action/Outcome

- 4.10 A substantial consultation exercise was last carried out with both shoppers and traders in autumn 2014. The consultation confirmed concerns that have been highlighted previously in other documents presented to Members, relating to the general appearance and the condition of internal decoration. The study also highlighted the narrow range of goods currently offered for sale by the market traders, with almost 90% of people who do not use the markets indicating that they would do so, should the variety of goods improve. In addition, over 50% of existing shoppers rated the variety of goods as unsatisfactory. The importance of fresh, locally sourced food was emphasised as an essential component of a successful market. In addition, 37% of existing shoppers said they would have a preference for fresh, locally sourced food which would involve daily visits to the markets.

**Recommendation 7:** That the HAED undertake a similar survey of market shoppers as soon as possible, to be available on paper and online, again focused on establishing a benchmark against which the outcomes of the improvements can be measured.

#### Action/Outcome

- 4.11 A decision was taken by HAED in consultation with the Lead Member not to undertake a survey of the traders and the shoppers in Autumn 2015. It was felt that a survey would cause further confusion amongst the traders due to the consultation surrounding proposals for an Arts and Cultural Space. Once the future of the People's market is fully determined a survey will be undertaken to obtain the views of traders and shoppers in respect of the wider operation, development and management of the markets.

**Recommendation 8:** That footfall counters are installed in each of the three markets (where physically possible).

#### Action/Outcome

- 4.12 The installation of footfall counters to calculate footfall on monthly/annually basis was investigated. However, the estimated cost (excluding installation) was £15,000. This was considered too expensive. The Scrutiny Committee rejected the recommendation, as there were more urgent repair and maintenance requirements.

**Recommendation 9:** That the EBISC schedules monitoring reports on progress with the recommendations in this report, along with performance data below:

- (i) Monthly voids data for the 3 markets (by % floor area and stalls/shops) on 12 month rolling basis;
- (ii) Financial information for the 3 markets (annual income);

- (iii) Monthly footfall data for the 3 markets on a 12 month rolling basis;
- (iv) Results of annual survey of market traders (benchmarked against year 1)
- (v) Results of annual market shopper's survey (benchmarked against year 1)
- (vi) Progress against Indoor Markets Repair and Maintenance / Improvement Plan for 2013/14

#### Action/Outcome

- 4.13 Between September 2013 and September 2015 occupancy of the markets has fluctuated considerably. The proposal to develop an Arts and Cultural space in the People's market and the public debate associated with it has undoubtedly adversely impacted on the recruitment of traders and footfall in the People's Market. Both the General Market and the Butchers' Markets will not be directly affected by building work. However, traders believe that negative publicity associated with the proposed development has had a detrimental effect on the footfall in all three indoor markets. Although footfall counters have not been fitted in the markets due to cost, the traders in the People's Market record footfall/sales and this is down by approximately 5% on the same time last year.
- 4.14 Overall occupancy of the three town centre markets is now 61% in total. From the transfer of management to the Marketing and Promotions team in September 2013 marketing efforts focused on attempting to recruit Traders that sold popular goods, particularly those likely to be purchased on a daily basis, such as food.

Market Void	2014 (Sept)	%	2015 (Sept)	%
<b>People's Market (50 stalls)</b>	11	22	14	28
<b>Butchers' Market (35 stalls)</b>	8	23	4	11
<b>General Market (16 stalls)</b>	1	6	0	0

#### Finance

##### Butchers' Market, projected income for 2015/16

- 4.15 It is anticipated that in 2015/16 The Butchers' market will achieve a total income of £83,924. This is broken down into £60,865 rent and £21,888 Service Charge. There is also an additional £1,171 expected income from storage hire and the recharge of electricity costs.

#### The General Market, projected income for 2015/16

- 4.16 It is anticipated that in 2015/16 The General market will achieve a total income of £22,217. This is broken down into £11,662 rent and £10,141 Service Charge. There is also an additional £415 expected income from storage hire.

#### People's market projected income for 2015/16

- 4.17 It is anticipated that in 2015/16 The People's market together with 15 associated shops will achieve a total income of £176,758. This is broken down into £63,377 rent for the market, £57,862 rent for shops, and £36,568 Service Charge (service charge is only payable in the market and does not apply to shops). There is an additional £12,000 recharge for other services, £3,008 for storage hire and £3,633 for electricity recharges, and an additional £310 from vending and entertainment machines. It has been agreed that for the period from September 2015 – January 2016 that the permanent traders will receive a 40% reduction on their rent (not service charge). This is applicable to all traders that are not in arrears. The aim of this is to support the tenants as there is uncertainty on the future of the market. This has resulted in a reduction of rental income of £9,895, this concession is reflected in the figures above.

#### **Overall Financial Performance**

- 4.18 Total projected income in 2015/16 from the three fully operational indoor markets is £282,899 and along with projected income from the Town Centre Shops of £35,988, this totals £318,887. Estimated expenditure for 2015/16 amounts to £344,790, thus giving an anticipated operating deficit of £25,903. However, the outdoor markets are expected to achieve a net income to offset this deficit.

#### **Audit of Markets**

- 4.19 Internal Audit completed a review of procedures relating to the markets to confirm that all income from markets and relevant commercial properties is received and banked promptly in compliance with the Council's Financial Regulations, and that all tenancy agreements are in accordance with the Market Regulations and the Commercial Estates Letting Procedures. The final report was submitted to the Head of Assets and Economic Development in September 2015.
- 4.20 There were five high priority recommendations, identified, relating to letting procedures and cash collection. A follow-up audit will be undertaken within three months to confirm compliance.

## **Events and Promotional activity**

- 4.21 Three popular annual events have been established in all three indoor markets. These include St David's Day celebrations, Easter Madness and Monster Markets at Halloween. On average, traders have seen an encouraging increase of 22% in takings during these events. Traders have been encouraged and supported to get involved in establishing their own events and to become involved with the street festivals. This is evidenced by the traders running their own fancy dress competition to support the Council led Halloween events. The People's Markets also hosts the very successful Leader Newspaper Baby Competition and events associated with the annual Small Business Saturday.
- 4.22 In addition, in 2014, the popular town centre Christmas grotto was relocated from Queens Square to the People's Market. This feature is being retained this year, with the expectation that it will once again increase footfall within the People's market over the Christmas period.
- 4.23 A quarterly promotion of the 'Market Pound' where the public can win up to £500 worth of vouchers to spend within any of the three indoor markets.
- 4.24 A 15 month radio campaign has been running on Heart Radio from January 2015 promoting both the indoor and outdoor markets. This features 15 x 30 second adverts daily with an average of 20% filler adverts.
- 4.25 Social media has been used to promote the markets and encourage the 'Trade for £10 per day' to potential traders. In addition, a Facebook page has been established where traders are encouraged to promote their businesses through the use of special offers and discounts.
- 4.26 The 'Real Deal' initiative for the markets which was launched by Trading Standards, resulted in Wrexham Markets featuring on ITV 'Wales This Week' programme. A 2015 Christmas campaign has been established to promote the markets and increase footfall. This involves newspaper advertising – with 'wrap arounds', advertorials and editorials, a competition to win three hampers with produce from the market traders, the 'best selfie' competition with the renowned sheep from the Tour of Britain, the market pound and Christmas radio adverts.

## **Trader Liaison and Support**

- 4.27 Monthly meetings are held between all traders and management to maintain communication, discuss ideas and as a forum for Traders to express concerns. In addition, The 'Markets Board' comprising locally elected representatives of the National Market Traders Federation and Managers from this Council meet regularly on a bi-monthly basis. The aim of these meetings is to discuss general issues and work together on proposals for increasing footfall and promotion.

- 4.28 The market office is located in the South Mall of the People's market and staff are available to deal with enquiries from traders and the public. It is open Monday to Friday between the hours of 10.00am – 12.00 noon and 2.00 pm – 4.00 pm.

### **Other issues**

#### External redecoration

- 4.29 As part of the planned maintenance programme, the shop units fronting the General Market and associated with the Butchers' market in Henblas Street have been improved and repainted in heritage colours. To create a uniform appearance the entrances to the Butchers' and General Markets were included in the painting scheme and will also have new external signage that is in keeping with the Grade II listed status. Painting work began in July and has recently been completed. The shop units in question had security shutters which were removed to improve the overall character of the parade.

#### Town Centre Toilets

- 4.30 Proposals were presented to EBISC in February 2014 (HAED/10/15S) and subsequently agreed by Executive Board, (HAED/11/15) to reconfigure and improve town centre public conveniences. It is proposed to improve Henblas Street toilet block, because it is strategically positioned on a main pedestrian route linking the West and East sides of the town. It is physically part of the General market and has the floor space available to extend the toilet accommodation and to transform it into a modern facility for both male and female plus a Changing Places' facility for people with disabilities. The refurbishment will involve temporary closure of the existing facilities. Works should be completed in Spring 2016.

#### The future

- 4.31 As indicated previously, the most recent Strategic Asset Management Plan (SAMP) setting out the over-arching direction for the Wrexham town centre markets was presented to Members in the spring of 2013. That plan set out a three year vision for the period 2013-16. With options currently being considered to incorporate an Arts and Cultural Space into the People's market, a revised Management Plan will be needed. However, it is difficult to prepare a document giving options for future direction, until a decision is made in respect of the Arts & Cultural Space. A report on the Arts and Cultural Space will be presented to the Council's Executive Board for decision in January 2016.

## **5. IMPLICATIONS**

- 5.1 **Policy Framework** – The markets support both the place and the economy element of the Council Plan.

E1 People want to live, work, learn, visit and invest here

E2 Businesses can locate and grow here

E3 People can prosper as individuals in their communities

5.2 **Budget** – There are no budget implications

5.3 **Legal** –There are no legal implications

5.4 **Staffing** –There are no staffing implications

5.5 **Equality/Human Rights** –

Members are advised to consider the full Equality Impact Assessment which is available at <http://vmwinsqld/equalityisalive/Menu.aspx> report number AED/EIA00101/2015

The contents of this report are considered no impact in respect of all categories.

5.6 **Risks** –No risks have been identified.

## 6. CONSULTATION

6.1 Consultation in respect of the markets is ongoing with local Members, market traders, shoppers, Wrexham Town Centre Forum, National Market Traders Federation

## 7. EVALUATION OF OPTIONS

7.1 There are no specific options associated with this report.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
Executive Board (HAED/18/13 – 9 April 2013)  The following meetings of the Employment, Business and Investment Scrutiny Committee:-  6 February 2013 – Report No. HAED/03/13S  4 September 2013 – Report No. HCCS/ 95 /13s  2 April 2014 Report No HAED/17/14S	Intranet and internet	<a href="http://www.wrexham.gov.uk/Mi nutesData/ExBoard/ex090420 13a.htm">http://www.wrexham.gov.uk/Mi nutesData/ExBoard/ex090420 13a.htm</a>  <a href="http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/haed0313s.pdf">http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/haed0313s.pdf</a>  <a href="http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/hccs9513s.pdf">http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/hccs9513s.pdf</a>  <a href="http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/haed0614s.pdf">http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Report s/haed0614s.pdf</a>  <a href="http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Em020 42014a.htm">http://www.wrexham.gov.uk/Mi nutesData/EmpBusInv/Em020 42014a.htm</a>