

REPORT TO: Executive Board

DATE: 4th November 2010

REPORTING OFFICER: Strategic Director, Environment and Economy.

SUBJECT: Runcorn Markets

WARDS: Mersey

1.0 PURPOSE OF THE REPORT

1.1 To consider the future of Runcorn Markets.

2.0 RECOMMENDATION: That the Board

- 1. Approves the closure of Runcorn Market with effect from 31st January 2011 in the light of the recent Internal Audit Report (July 2010) and general budget constraints announced in the Spending Review; and**
- 2. Supports the development of proposals to relocate tenants as detailed in 3.12 of the report.**

3.0 SUPPORTING INFORMATION

- 3.1 The 2010 Internal Audit report on the Markets, section 2 R1 recommends ***‘a review should be undertaken to determine the future viability of Runcorn Market’***
- 3.2 The new Runcorn Market Hall was opened in March 2005, trading on Monday, Tuesday, Thursday to Saturday, with full occupancy albeit that the traders were enjoying a three month rent free period. Before this rent free period had expired two of the key traders (Butcher & Fishmonger) ceased trading and over the following year further traders were lost leaving 75% occupancy. Incentives were offered to new traders including half rent or where the trader would have reasonable set up costs a rent free period. The other traders accepted that these incentives were necessary to encourage new businesses. This had a marginal effect in the short term but there continued to be a gradual decline and incentives had to be offered to existing traders to keep them trading. Currently the Market Hall is 50% occupied with traders paying 50% rents.
- 3.3 Further action was taken to encourage more market activity with the establishment of a Street Market in May 2009; this has been successful from an operational point of view in its own right but is operating at a loss. The Street market has had little or no positive affect on the Market Hall, the only trader who is probably benefitting on Tuesday's is the Café.

- 3.4 It is important to note that the street market does not have its own budget. To date the costs have been met from within existing budgets for both Runcorn and Widnes markets.
- 3.5 **The Street Market.** Between 26th May 2009 to 31st March 2010, the costs were £45,000 (including the purchase of the stalls of £12,000). The income was £14,500 (stalls rent at £15 per day) and as such the loss was £30,500. Looking at annual running costs in the future, the first column in the table below details the costs if it is run on exactly the same basis as it is now. The second column is the proposed running costs which would follow on the introduction of new working arrangements.

Expenditure	£ Existing	£ Proposed
Stalls Purchase*	-	-
Highways signage/diversions	6,000	6,000
Security	11,000	11,000
Markets staff	20,000	6,000
Total	37,000	23,000
Income Total	16,000	16,000
Costs	-21,000	-7,000

Notes

*Forecast replace stalls every 5 years at £12,000 present cost

Reduce Office staff from 7 hours per day to 4.

Reduce market attendants staff from 29 to 14 hours per day.

Security guard hours remain unchanged but it picks up attendant duties as presently happens in the Runcorn Market Hall.

- 3.6 There are a number of options that could be explored that may reduce the loss further. These include –
- Increasing the rent.
 - Traders are casuals so only pay when they attend. We could offer permanent pitches if people are prepared to pay whether they attend or not.
 - We could explore increasing the number of stalls in conjunction with colleagues in Highways.

Coming into the poor weather seasons it is not proposed to explore the first of these. When the idea of the market was initially conceived it was believed that it would operate during the good weather months. It was pleasantly surprising that it continued throughout last winter, albeit on a reduced basis. However, it is proposed to explore the latter two.

- 3.7 Looking to the future, it has been suggested that the street market could operate for at least two days a week. There a number of considerations with such a proposal.

- The market operates on a Tuesday when the Widnes Market is closed. This enables Widnes existing staff to run the street market.
- A small number of the street market traders are from the Widnes Market who can attend due to the Widnes market being closed
- Formal consultation would be needed with the shop owners.
- The need for a further road closure for the second day. However, an alternative to this would be to consider holding the second day off road such as on a car park.

3.8 **Runcorn Market Hall.** The 'headline' financial aspects for 2009/10 show the hall income of just over £25,500 and an expenditure of just under £158,500. However, this includes both street market income of £14,500 and expenditure of £17,000. Taking this income and costs out from the market hall the actual position was

▪	Expenditure	£158,500
▪	Income	£11,000
▪	Loss	£147,500

3.9 A review is underway to improve the performance of the Market Hall. Currently the budgets provide for 20% of the time for the Markets Manager, 20% of the time of the markets officer, a full time attendant and a full time security guard. Since the start of the financial year the security guard has been undertaking duties of the attendant (releasing the attendant to work at Widnes). It is also considered viable that the Markets Manager and markets officer can reduce their attendance to 10% each. All these changes combined will result in reducing the loss in the order of £27,500 per annum, to circa £120,000. In consultation with Accountancy this is likely to lead to a £90,000 saving initially. Undertaking such changes would clearly have an impact on the cost structures of Widnes Market and this is presently going through its own review and the findings will be reported to a subsequent meeting.

3.10 As stated above, a key action in the recent Internal Audit Report (July 2010) was 'a review should be undertaken to determine the future viability of Runcorn Market'. It is clear that despite a number of initiatives to boost the occupancy of the indoor market, its continued operation is not financially viable. That said, the market does provide a vibrant social and economic benefit to the town.

3.11 **Future options** that would seem to be available at this time

- No change. Continued operation of both markets with an operating loss of £127,000.
- Continue the street market and close the market hall. Savings would in part be dependent on finding an alternative use for the hall. A saving initially of £83,000 which could rise to £120,000 dependent upon changes to management arrangements.
- Close both saving £90,000 (again this would in part be dependent on finding an alternative use for the hall), and could rise to £127,000.

3.12 In terms of support that can be considered for traders that wish to continue, there are a number of possible options including taking space on the street market (if it continues), relocating to Widnes Market and possibly moving to a shop unit in Runcorn Town Centre. One such option could be the former Tourist Information Centre.

3.13 Executive Board Members are advised that this item has been discussed both at the Market's Working Party and Corporate Services Policy Performance Board. The proposal to close Runcorn Market was unanimously supported.

4.0 POLICY IMPLICATIONS

4.1 The Corporate Plan 'Directing and Developing Resources' chapter makes it clear that the council must be increasingly efficient. It says 'the emphasis is very much on shifting to using resources "smartly" and to use efficiency savings to fund investments in front-line services.' The provision of the markets is very much a front line service but the degree on which it makes a loss does bring into question its long term viability.

5.0 OTHER IMPLICATIONS

5.1 The financial and other aspects are dealt with above

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton N/A**

None identified at this time

6.2 **Employment, Learning and Skills in Halton**

The market is an area of employment for small businesses

6.3 **A Healthy Halton N/A**

None identified at this time

6.4 **A Safer Halton**

None identified at this time

6.5 **Halton's Urban Renewal**

The Community Strategy Urban Renewal key objective D is 'to revitalise the town centres into dynamic, well-designed high quality commercial areas that can continue to meet the needs of local people, investors, businesses and visitors.' The market was developed as part of previous regeneration of the town centre and does provide a facility in Runcorn Town Centre and its potential closure should not be allowed to result in the hall being left vacant.

7.0 RISK ANALYSIS

- 7.1 The two significant risks are financial i.e. continued losses and also regeneration i.e. the impact of the hall staying vacant if it is closed.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 The loss of both markets could be said to have an impact on the local community and its access to facilities. This would be lessened if the street market was continued. It is likely that the most affected people would be disabled and those without private transport who wish to visit an indoor market. However, access to Widnes Market is good via public transport and has plentiful parking nearby.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.