

EXECUTIVE – 9TH MARCH 2016

**REPORT TITLE: SUPPLEMENTARY BUDGET REQUEST
REPORT OF DEPUTY CHIEF EXECUTIVE – COMMUNITY
DIRECTION**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To provide an update on Hinckley Markets and to propose a series of interventions that aims to improve performance of the Market.
- 1.2 Request a supplementary budget of £47,235 to cover the income shortfall in the current financial year.

2. RECOMMENDATIONS

That Executive,

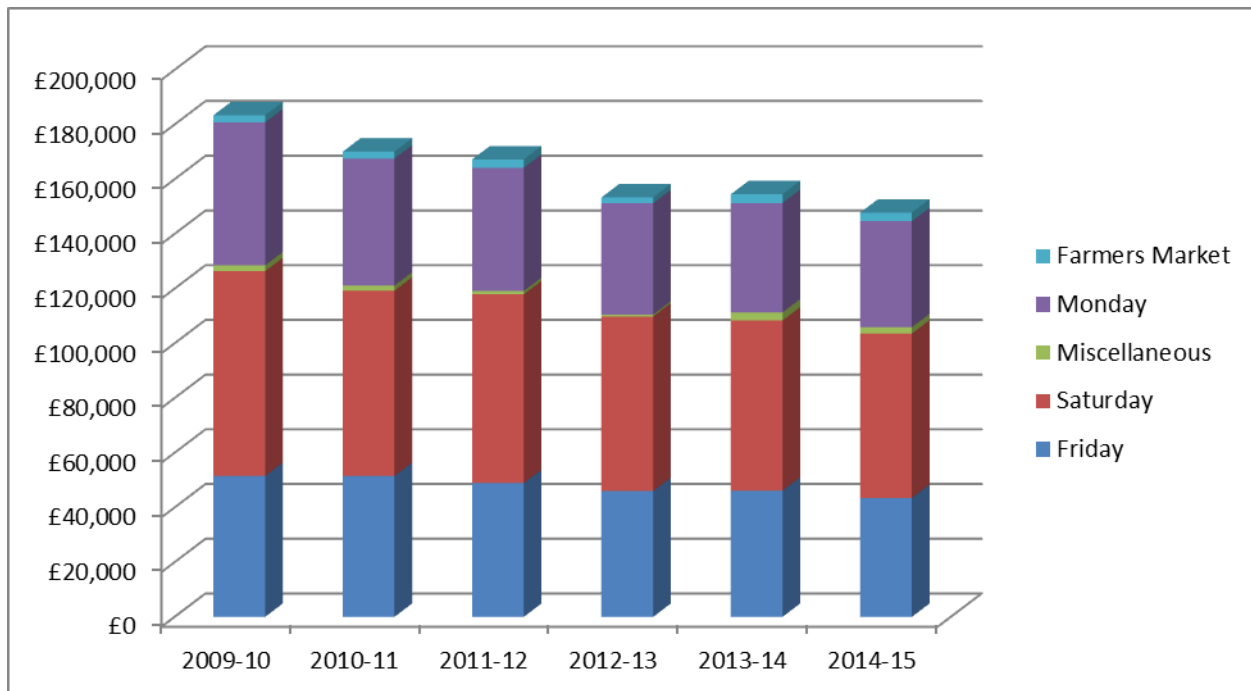
- 2.1 Acknowledges the interventions outlined in section 4.2 which are focused on driving the market forward.
- 2.2 Agrees that Officers explore all options for improvement/development, including undertaking soft market discussions within the next 3 months, to understand what the private sector can potentially offer.
- 2.3 Agrees that following the above discussions, a further report be presented to Executive once all delivery options have been fully considered, including timescales, financial impacts and wider procurement implications.
- 2.4 Agrees a financial supplementary budget request of £47,235.

3. BACKGROUND TO THE REPORT

- 3.1 Hinckley Market has been operating since at least 1311, making it over 700 years old.
- 3.2 Hinckley and Bosworth Borough Council provides a regular market every Monday, Friday and Saturday, as well as a farmers market every third Thursday of the month.
- 3.3 Footfall on market days makes up 59% of the weekly footfall, demonstrating the importance of this offer within the wider economic environment. There are approximately 43 regular traders who occupy 50 stalls on our busiest market day and around 40 on Monday, which is the quietest day.
- 3.4 The rental costs to stand on Hinckley Market are as follows:

£24.20 (Mon and Fri)	Licensed trader
£27.60 (Mon and Fri)	Casual
£29.40 (Sat)	Licensed trader
£33.00 (Sat)	Casual

- 3.5 Hinckley Market trading performance has been significantly affected by the economic downturn, as well as aging traders taking retirement, poor weather, high fuel prices and competition from internet shopping and local budget shops.
- 3.6 This is consistent with a broader national trend of markets declining.
- 3.7 Income has also shown a decline. This is captured in the table below.



- 3.8 If you compare last year's actual income performance of £147,806 to 2015/16 anticipated income position, less the mitigating factors outlined in section 5, the reduction is circa £7,000.
- 3.9 The expenditure budget for 2016/17 is £160,932, with a stretched income target of £150,000. Therefore, the market is anticipated to make a net operating loss. Expenditure costs have reduced from £201,013 in 2012/13 to £160,932 in 2016/17, a fall of 20%.

4. DRIVING THE MARKET FORWARD

- 4.1 In May 2015, the Markets Development Group (MDG) was challenged to investigate the issues in relation to the market's performance. It was tasked to agree a set of key priorities and most importantly produce a robust Action Plan to combat this downturn. The MDG consists of Market Traders, HBBC, including Street Scene, Depot, Accountancy Services and Cultural Services, Hinckley BID, Member representation and external consultancy expertise.
- 4.2 The Market Development Plan* and supporting Action Plan 2016 - 2020 are available to view upon request. This sets out the main challenges of the market, as well as the strengths and what the council and its partners can do to drive the market forward. 7 key priorities have been identified. There are a total of 34 supporting operational actions contained within the Action Plan. The key priorities and examples of pro-active interventions are captured in the table below:

No.	Key Priority Theme	Intervention Examples
1	Retain existing traders	<ul style="list-style-type: none"> • No increase in rent in 2016/17 • Deliver a balanced market
2	Seek new traders	<ul style="list-style-type: none"> • Visit other markets with the aim to entice new traders to Hinckley • Offer price incentives
3	Proactive marketing/communication	<ul style="list-style-type: none"> • Markets article in each Borough publication • New markets website launched
4	Readiness to adapt to the change in town centre dynamics resulting from new Leisure Centre and Crescent	<ul style="list-style-type: none"> • Develop a set of KPI's to monitor performance
5	Requirement to invest in new infrastructure	<ul style="list-style-type: none"> • Scope out equipment requirements and costs
6	Be a profit making and sustainable market	<ul style="list-style-type: none"> • Investigate operational management options for the market, including private sector, partnerships
7	Potential for widening the 'Markets Offer' across the Borough	<ul style="list-style-type: none"> • Extend Christmas markets offer • Increase the number of commercial bookings

- 4.3 Our aim is to make Hinckley market a vibrant place that attracts visitors in to the town centre. Within the short term, we will aim to operate financially at a break even position, whilst maintaining a balanced market and which has the ability to expand. Hinckley is historically a market town and we want to aim to 'buck' the national trend of decline, as have other towns across the country.
- 4.4 As part of the Action Plan it is proposed that Officers, supported by Chief Officer (Corporate Governance & Housing Repairs) will undertake soft market discussions first to understand what the private sector can offer and indicative costs prior to any formal procurement. The purpose of this exercise would be to see if there are any financial and/or other benefits to operate the market privately. Part of the formal procurement process would be the requirement to undertake consultation with traders on any proposed changes to the existing management model.
- 4.5 In parallel to the soft market discussions, Officers will look into the feasibility of lowering the operating costs; for example, the option to move to a self erect stall solution and all other options that may be an alternative to 'private operation'.
- 4.6 The establishment of Sunday markets will be used as a test bed to entice new traders. With the opening of the Crescent, Sunday trade will play an increasingly important part in our town centre trade.
- 4.7 In December 2015, Price Waterhouse Cooper conducted an internal audit of the markets. The overall opinion was identified as a Low risk rating. The recommendations of the review are being implemented. The report is due to be presented to Finance & Audit Committee – the date is to be confirmed.
- 4.8 It should be noted that the current market stalls are now over seven years old and are coming to the end of their operational lifespan. Therefore, there is a requirement over the next couple of years to look at feasibility of investing into new infrastructure.

5. FINANCIAL IMPLICATIONS [AW]

- 5.1 Based on current income predictions it is expected that there will be an income shortfall in the current year against the budget amounting to £47,235. This is based on current income to date of £114,126 plus an additional income expectation of £10,649 for March 2015 compared to a budget of £172,010.
- 5.2 The changed arrangements for billing implemented in the current year will mean that income in the current year will be £9,500 below its comparable level in previous years. This means in broad terms that the income generated in the current year would be approximately £134,000 if the current arrangements had continued (a shortfall of approximately £38k). When allowing for approximately £1,500 written off in the year income shows a reduction of approximately £10,000 to the amount achieved in 2014/15.

6. LEGAL IMPLICATIONS [JB]

- 6.1 No legal implications derived from this report.

7. CORPORATE PLAN IMPLICATIONS

- 7.1 Markets Development Plan relates directly to the Borough Council's Corporate Plan in particular:
- Thriving economy and Safer & Healthier Borough

8. CONSULTATION

- 8.1 The production of the Action Plan itself has involved consultation with representatives from the following groups:
- Executive Lead for Town Centres
 - Market Trader representative
 - Town Centre Partnership & BID
 - Chamber of Trade
 - HBBC Street Scene
 - HBBC Depot
- 8.2 The council will ask our public what they expect or desire from the market. Ultimately, its success depends on their support. This will be carried out within the next 4 months and will include a wider consultation with the groups/individuals listed above.

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officers' opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 No significant risks are associated with this report. The predicted non achievement of reaching the income target has been raised internally.

9.4 The procurement exercise will take several months to complete. Officers will need to ensure the existing traders are consulted on this matter.

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

10.1 Improved Impact on vulnerable groups (e.g. disabled, carers, those with learning difficulties) as more shopping facilities will be available

10.2 No Equality Impact Assessment is needed, as there will be no impacts on equality.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Environmental implications
- Human Resources implications
- Voluntary Sector

Background papers: Previous reports:
Internal audit report – 2010
Internal audit report – 2013
SLB report 13th March 2013 – Markets review
SLB report 23rd October 2013 – Income
Executive 26th March 2014 – Markets subsidy

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