

Leicester  
City Council

**WARDS AFFECTED: Castle and Beaumont Leys**

**Cabinet**

**November 3<sup>rd</sup> 2003**

---

## **Options for reinvesting into Leicester's Markets Service**

---

### **Report of the Service Director of Neighbourhood Renewal**

#### **1 Purpose of Report**

- 1.1 This report outlines options available to ensure our Markets Service benefits from the investment that it requires to sustain its profitability, and therefore its contribution to other Council services.

#### **2 Summary**

- 2.1 Our markets are an extremely popular service but need investment. This report outlines the issues and investment needs facing the markets service, demonstrates the positive financial effect of recent investment and further explores options for continual investment.

#### **3 Recommendations**

- 3.1 The options for consideration by Members are:
1. A fixed percentage of the markets annual surplus being retained year on year by the service for reinvestment (10% would provide £65,000p.a. at current surplus rates).
  2. The markets retain year on year all surpluses generated over and above their current £659,500 corporate trading target for reinvestment.
  3. Members acknowledge the need for reinvestment in the service and will prioritise this in future budget strategies to ensure it happens in a planned way.
  4. Members acknowledge the need to invest in the service and will review the situation to make sure the best mechanism is found to enable this to happen. The findings of that review should be available to be included in the 2005/6 budget strategy.

#### **4 Financial & Legal Implications**

- 4.1 Financial Implications  
Markets transferred to CS and NR in April 2003 as part of the realignment of the Neighbourhood Renewal Division. During 2003/04 the markets were reclassified from a trading service to a general fund service, as a

result any surplus above the current corporate target of £659,500 contributes to the department's overall budget strategy. Any re-routing of market income would require compensatory savings to be made from the Cultural Services and Neighbourhood Renewal budget.

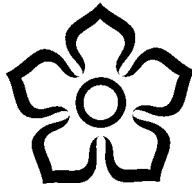
## 5 Report Authors

Nick Rhodes  
Head of Markets  
Ext. 2370  
Rhodn001@leicester.gov.uk  
Cultural Services + Neighbourhood Renewal

Andy Keeling  
Service Director for Neighbourhood Renewal  
Ext. 7380  
[Keela001@leicester.gov.uk](mailto:Keela001@leicester.gov.uk)  
Cultural Services and Neighbourhood Renewal

### **DECISION STATUS**

<b>Key Decision</b>	<b>No</b>
<b>Reason</b>	<b>N/A</b>
<b>Appeared in Forward Plan</b>	<b>No</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>



Leicester  
City Council

**WARDS AFFECTED: Castle and Beaumont Leys**

**Cabinet**

**November 3<sup>rd</sup> 2003**

---

## **Options for reinvesting into Leicester's Markets Service**

---

### **Report of the Service Director for Neighbourhood Renewal**

## **SUPPORTING INFORMATION**

### **Report**

#### **1.0 Background**

- 1.1 Leicester City Council currently operates markets from two main sites. Leicester city centre outdoor and indoor markets plus the Beaumont Leys outdoor market located at the Beaumont Leys Shopping Centre.
- 1.2 The markets service currently provides employment for over 1000 people and contributes greatly towards the local community. It supports the continuing vitality of the city centre.
- 1.3 The markets service receives over 2 ½ million visitors per year. Most traders live locally. Shoppers remain very loyal to the market. Leicester market has been in existence for over 700 years and is a landmark for our city. The popularity of the service is supported by the local, regional and national media coverage our market receives.

#### **2.0 The Issues**

- 2.1 Our markets continue to generate a sizeable surplus for the Council but due to the factors outlined in this report it will be difficult to sustain these levels in the medium to long-term future. This report shows the markets improving financial performance since its redevelopment in 2001/02 and explores options that need to be considered for further reinvestment. However, any re-direction of market income would need to be matched by compensating savings in the Cultural Services and Neighbourhood Renewal Departmental budget.

#### **3.0 The Market Industry**

- 3.1 Markets nationally have struggled in recent years because shoppers increasingly have greater choice and greater mobility. The retail industry has dramatically changed also, with the development of very large supermarkets and out of town shopping centres. Our Markets facilities generally look tired in comparison to its competitors because investment has been minimal. Shoppers find the

supermarkets and out of town complexes more convenient and the modern retail offer more attractive.

- 3.2 This scenario has been a serious concern to the National Market Traders Federation for sometime and at the Federation’s annual conference they passed a motion that read:

“That the National Market Traders Federation make representation to both Central and European Government, all Local authorities who operate markets, private market operators and all other organisations representing either market operators or traders, with a view to ensuring all markets receive and retain an agreed percentage of their net profit year on year for investment in their markets.”

- 3.3 The Federation are extremely anxious to see local authorities up and down the country provide investment into their markets. The Federation have seen the success of Leicester’s recent redevelopment and believe with careful forward planning, markets can still have a big role in contributing to the retail sector and their local economies.

#### 4.0 Leicester Markets Financial Performance

- 4.1 Over the last 10 years the markets service has generated a surplus of over £7,475,000 for the Council. Although more recently the profits have fallen, the markets have budgeted for an operating surplus of £659,500 in 2003/04.

- 4.2 In 2002/03 the markets surplus was reallocated as follows:

	£
Support Service Charges	94,100
Capital Charges	216,700
Contribution to other services	348,700
<b>Total Surplus</b>	<b>659,500</b>

The support service and capital charges are incurred by the Markets Services as a part of their operation. For 2002/03 the Council received £348,700 from the market to fund other Council services.

- 4.3 The financial performance for the last ten years for the Outdoor, Indoor and Beaumont Leys Market are shown in the graphs and tables in appendix 1. The table below shows a summary of the financial performance of 1993 – 1998 compared to 1998 - 2003. The results clearly indicate a declining trend.

	<b>Leicester &amp; Indoor</b>	<b>Beaumont Market</b>
	<b>Total profits</b>	<b>Total profits</b>
	<b>£</b>	<b>£</b>
93/94 – 97/98	4,671,413	149,988
98/99- 02/03	3,945,431	128,101
Trend in Surpluses	-15.54%	-14.59%

## **5.0 The Recent Markets Redevelopment**

5.1 £650,000 was spent on redeveloping the market service in 2001/02. This was £200,000 short of the identified programme at that time. The scheme in 2001/02 has been the council's only investment in the markets during the last 10 years.

5.2 The £650,000 was spent as follows:

- a) £500,000 on Leicester Outdoor Market comprising of a new continental café bar, 15 lockable units, new market layout, new lighting and signage plus the introduction of CCTV. Work completed in July 2002.
- b) £30,000 at Beaumont Leys Market. New signage, enhanced entrances and a promotion campaign. Works undertaken in 2001.
- c) £120,000 on refitting 3 goods lifts in the Indoor Market for health and safety reasons.

5.3 There was other redevelopment works originally identified for Leicester's Outdoor Market in the 2001/02 scheme but this had to be indefinitely postponed due to lack of finances. Works not completed were, renewing the existing lighting and installing additional lighting, signage, extra CCTV cameras and an additional block of retail units.

## **6.0 Future Investment Needs**

6.1 The markets service requires regular investment if it is to be able to sustain current surpluses and retain its popularity. Investment in the outdoor markets can be identified as short (1-3 years), medium (3 - 5 years) and long (over 5 years). Investment required is as follows:

- a) Introduce more CCTV cameras to ensure the market and City Centre becomes a safer environment. (short)
- b) Improve the cleaning regime of the market and remove the need for the cleansing vehicle. (short)
- c) Redevelop a main outdoor cooking environment that will permit retailers to cook and sell a diverse food range representing our city's cultural mix. (short)
- d) Replace market stalls. These stalls have been in continual use for 35 years and are in need of replacement. (medium)
- e) Provide better stall lighting. The current lighting system is 12 years old and outdated for new retail requirements. (medium)
- f) Improve the signage of the market both within the city centre and afar. (medium)

- g) Provide a better and more friendly landscaped area around the market to capitalise on the benefits of the recent Cheapside scheme e.g. one level paving between perimeter shops and market, to improve entrance from Gallowtree Gate and other alleyways, enhance Dolphin Square. (long)

6.2 The indoor market has serious problems that will need addressing within the next three years. The Food Hall floor behind the fish counters and in the main aisles has deteriorated causing leakages into the basement and toilet areas. The stalls are in need of repair, there is no CCTV system and the ambience of the building does not lend itself to modern retail. In addition to the repairs needed the building design is not conducive to retail. The main Food Hall is hidden to new shoppers by perimeter shops and ground floor selling space is not maximised. The Indoor Market has a number of poor upper trading areas that have become harder to let and the design of the building makes it very difficult to adequately clean. Footfall into this market has fallen by 30% in the last 3 years.

6.3 The Council has recently commissioned retail consultants to examine the future of the Indoor Market and potential options available. The consultants will report back in 2-3 months when they have concluded their investigations and research.

## **7.0 Preferred Option of the Market's Forum**

8.1 The Leicester Market's Forum would like to see a percentage of the council's surplus retained each year for reinvestment into the Market to enable the markets management to plan for effective projects and programmes. This will regenerate the markets as detailed above (option 1). Their argument is that this would ensure the long term viability of the markets service and retain, if not, improve the long term income levels to the Council. However, while this may benefit market services, the loss of income to Cultural Services and Neighbourhood Renewal, and to the Council as a whole, would need to be met from savings in the Cultural Services and Neighbourhood Renewal Department. Retaining income in the market service is supported by correspondence from the National Federation and the European Union of Travelling Tradesmen.

## **8.0 Conclusion**

9.1 The markets service, like any business, needs continual and planned reinvestment. The service continues to generate large surpluses for the City Council but will only be able to do this by ensuring that market facilities remain attractive for the shopper and trader alike. Retail competition has become very fierce and now the markets have to compete with large supermarkets, and big shopping redevelopments.

9.2 Fairly superficial analysis suggests the investment in 2001/02 has made a good impact on income levels. Moreover as a result of this work the market is an easier and safer place to shop, but more needs to be done.

# FINANCIAL, LEGAL AND OTHER IMPLICATIONS

## 1 Financial Implications

See the comments of the Cultural Services and Neighbourhood Renewal Head of Finance on the cover report.

## 2 Legal Implications

Legal Services had no comment to make on this report.

## 3 Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	Yes	Throughout as people on low income use the markets
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	Para 6 - Increased security is raised as a redevelopment issue.
Human Rights Act	No	
Older People on Low Income	Yes	A lot of older people currently use the market.

### 3.2 Risk Assessment Matrix

	Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
1	Facilities deteriorate	H	H	Identified risks are a result of no further investment into market service.
2	Adverse impact upon City Centre	H	H	
3	Loss of Traders/Shoppers	H	H	
4	Fall in Profits	H	H	
5	Closure of Markets	M	H	
6	Bad Publicity	H	M	
7				
8				

L - Low  
M - Medium  
H - High

L - Low  
M - Medium  
H - High

## 4 Background Papers – Local Government Act 1972

None

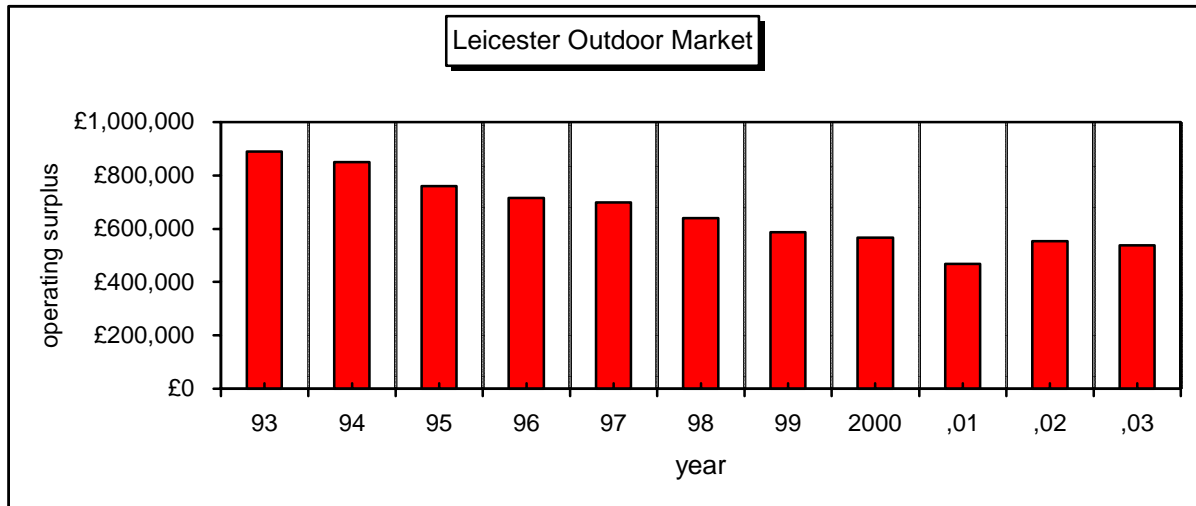
## **5 Consultations**

Cllr Mugglestone  
Cllr Sandringham  
The Leicester Markets Forum  
The Leicester Branch of the Markets Federation  
Tot Brill Corporate Director  
Jayne Tysoe Head of Finance CS and NR  
John McIvor Team Leader Legal Services



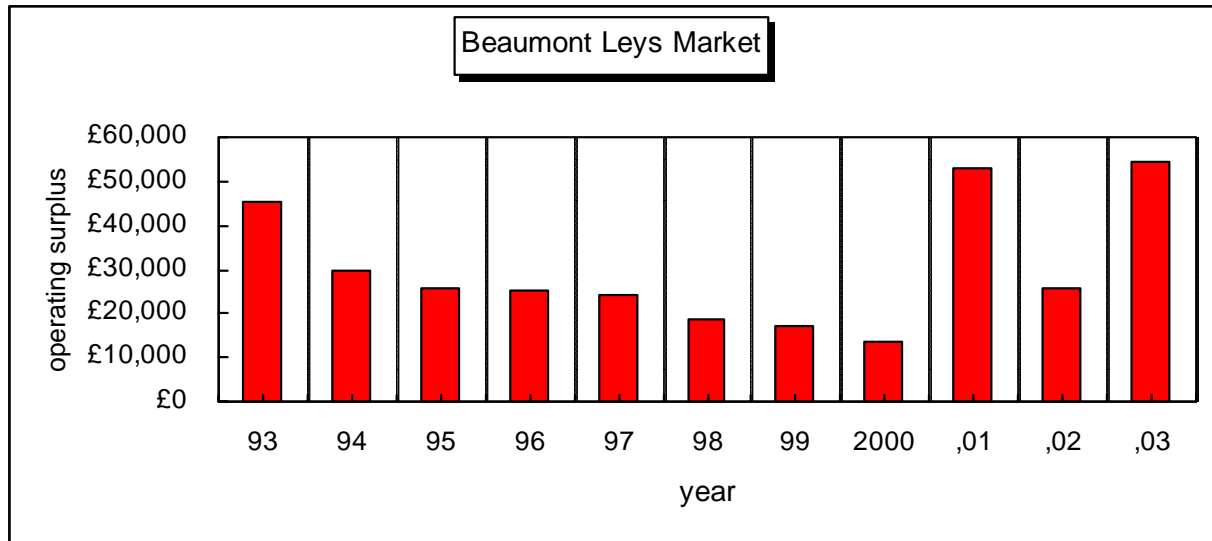
## Appendix 1

### Markets Financial Performance



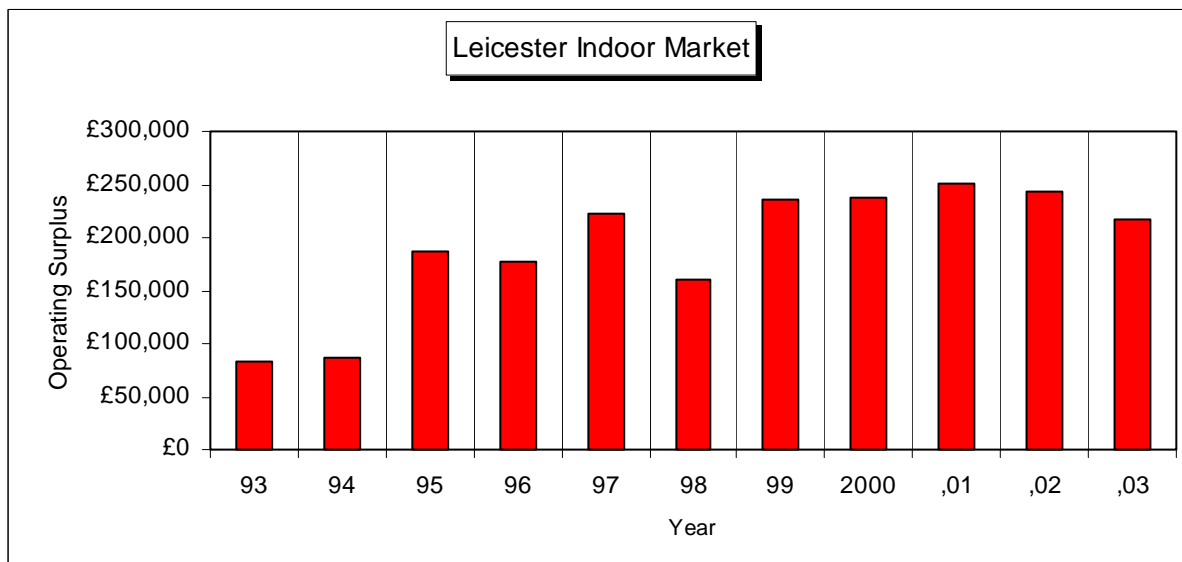
This graph shows the level of operating surplus for the Leicester Outdoor Market between 1993/94 and 2002/03. 2003/04 shows the budgeted amount. The left hand side shows operating surplus at £200,000 intervals.

Following monies being reinvested into the markets in 2001/02 the reducing trend seems to have been arrested and reversed as income has increased. The Leicester market redevelopment did not finish until August 2002 so the full financial impact will not be seen until the end of this financial year.



This graph shows the level of operating surplus for the Beaumont Leys Market between 1993/94 and 2002/03. 2003/04 shows the budgeted amount. The left hand side shows operating surplus at £10,000 intervals.

In the early 1990's this community market was quite vibrant but interest waned. However the Sunday market has performed excellently in 2000/01 increasing its annual surplus by nearly 300% due to the Sunday Market expansion. Surpluses fell away last year due to the shopping centre redevelopment that effected the market operation. It is estimated that this financial year will see a return to the 2000/01 trading levels.



This graph shows the level of operating surplus for the Indoor Market between 1993/94 and 2002/03. 2003/04 shows the budgeted amount. The left hand side shows operating surplus at £50,000 intervals.

The graph shows a stable base during the last five years although surpluses have fallen and are expected to continue to decline due to the Indoor Market difficulties.

The table below shows the information depicted in the graphs.

<b>Operating Surplus</b>	<b>Leicester Market</b>	<b>Indoor Market</b>	<b>Beaumont Market</b>
	<b>£</b>	<b>£</b>	<b>£</b>
1993/94	890,019	83,400	45,380
1994/95	849,851	86,403	29,887
1995/96	760,264	185,916	25,567
1996/97	715,739	177,599	25,164
1997/98	698,943	223,279	23,990
1998/99	640,068	159,880	18,486
1999/00	587,058	235,563	17,226
2000/01	567,619	238,064	13,660
2001/02	468,415	251,172	52,953
2002/03	554,437	243,155	25,776
2003/04 forecasted	536,810	216,200	54,530