

**REPORT TO:** Executive Board

**DATE:** 10 December 2015

**REPORTING OFFICER:** Strategic Director, People and Economy

**PORTFOLIO:** Physical Environment

**SUBJECT:** Markets Capital Programme

**WARD(S)** Borough wide

**1.0 PURPOSE OF THE REPORT**

1.1 The purpose of this report is to present initial proposals for the development of a Capital Programme for Widnes Markets. The report should be considered in conjunction with the presentation and discussion document presented to Members on 8<sup>th</sup> October 2015, which outlined the key ingredients needed to deliver a successful market.

**2.0 RECOMMENDATION: That**

- 1) The Council be recommended to include £1.43m in the Capital Programme for 2016/17 in respect of the markets;**
- 2) Approval is given to undertake a procurement exercise for a roof for the Indoor Market at Widnes; and**
- 3) Delegated authority is given to the Operational Director, Economy, Enterprise and Property in consultation with the Portfolio Holder for Physical Environment, to progress the most cost effective route for providing photovoltaic panels at Widnes Market.**

**3.0 SUPPORTING INFORMATION**

3.1 In October, Executive Board Members received a presentation from the Portfolio Holder for Physical Environment and the Operational Director for Economy, Enterprise and Property entitled "The Future of Our Markets in Halton".

3.2 The presentation made reference to the need to develop a Capital Programme for the markets.

Members are requested to consider the following options: -

Option 1 Given the level of 'profit' the Council makes on its markets

operations is relatively small; it could choose to do nothing.

Option 2 Alternatively, the Council could continue to make small scale improvements as part of its ongoing maintenance plan. This does not address the fact that the market requires some modernisation.

Option 3 – a complete refurbishment of the markets (indoor and outdoor) this would include bringing into use the first floor of the market hall, converting the market into two floors with retail and 'enterprise space'. Whilst an attractive proposition, it is felt that costs would be prohibitive

Option 4 – a replacement roof and photovoltaic panels. It is argued that this would be a minimum requirement.

Option 5 – a major refurbishment of the market hall which combines a replacement roof with improvements to entrances, event space, floor layout, lighting and power supply. This is the preferred option. The reasons for option 5 being presented as the preferred option are set out below.

Option 6 – outsource the market to a private sector firm to operate the market. (This option has previously been rejected by Members).

- 3.3 The current Widnes Indoor and Outdoor Markets were constructed in 1995. The fabric of the Indoor and Outdoor markets are now looking dated and require updating. The roof of the indoor market, for example, is nearing the end of its life and temporary patch work is no longer adequate. This is demonstrated by some 56 call outs and repairs during the last 18 months. Although repair costs are modest, this creates disruption to the market hall. There is also related loss of income and insurance claims to consider.
- 3.4 The power network is also outdated and this reduces the ability of the markets team to attract desirable and niche businesses to the markets.
- 3.5 Indoor and outdoor space is no longer fit for purpose in a modern 21<sup>st</sup> Century shopping environment.
- 3.6 Although a new roof for the market would be a considerable expenditure item, it would also be prudent to install photovoltaic units. This would be carried out once the roof has been replaced.
- 3.7 The replacement of the market roof must be regarded as a pressing

priority. This would take approximately 17 weeks to complete. Approximately 6 weeks would be required to install the photovoltaic panels.

3.8 Appendix 1 of this report outlines other areas of capital expenditure which will be required to modernise and upgrade the markets.

3.9 Some of this capital investment would be used to fund alternative ways of using the market space. This would lead to an improved visitor experience and would support the markets in adapting to the pressures faced by the retail sector as a whole.

#### 4.0 **POLICY IMPLICATIONS**

4.1 Members have previously agreed that the Widnes Indoor and Outdoor Markets play an important role in attracting visitors to the town centre. Whilst the markets are considered to be property assets that generate a modest revenue stream for the Council, the markets are also regarded as significant community asset. The markets provide a retail service predominantly to the people of Halton, as evidence demonstrates that most visitors live within a 5 mile radius of the markets.

#### 5.0 **OTHER/FINANCIAL IMPLICATIONS**

5.1 An estimate is that capital investment of £1.43 m would be required to refurbish and upgrade existing facilities at Widnes Markets. It must be stressed that this is a first stage estimate of costs and potential expenditure items.

5.2 Indicative costs have been identified by the Council's term contract project management consultancy. However, more accurate costs would be obtained through the tender process.

5.3 Option 5, the preferred option will not result in a complete refurbishment of the markets, but presents an excellent opportunity to safeguard the fabric of the indoor and outdoor markets for the next 10 years.

5.4 Members are advised, however, that there is no guarantee that the Council will see a strong return on this investment. The retail sector is particularly volatile and dynamic. To highlight this point, Members will recall that the decision to close Runcorn indoor market in 2011 was determined because of a lack of demand for the facility from local shoppers, and therefore significant expenditure incurred by the Council, rather than as a result of lack of investment in the market hall. Widnes markets continue to be vibrant and attract shoppers,

but will need future investment if they are to survive.

- 5.5 It is acknowledged that the additional investment will enable the Markets team to pursue additional income generating options, and the investment should be regarded as an opportunity to consolidate the position of the market as a vibrant town centre venue, and prevent any future decline in footfall or increase in vacancy rates within the respective markets.

- 5.6 The Council could borrow some funding to meet these costs, this would equate to an annual costs of £100,000. The repayment of the loan could be met through some of the income currently generated by the markets i.e. £90,000; anticipated increase in occupancy rates; an increase in rents; and additional income arising from better use of the space in both the indoor and outdoor markets. Some savings would be made through reduced insurance costs. A conservative estimate of additional income generated through these routes would be £20,000

- 5.7 However, Members are advised that the levels of income generated by the markets cannot be guaranteed and might not cover all the loan repayment costs. Therefore, an allocation from the capital programme is sought.

- 5.8 Approximately 50% of these costs are associated with a new roof and photovoltaic units.

- 5.9 It may be possible to obtain some funding from the European Programme to fund a proportion of the photovoltaic units. It is acknowledged that feed-in tariffs will be less generous after 1<sup>st</sup> January 2016. However, the market should benefit in the long term from cheaper energy supply and a more environmentally friendly way of providing power to the markets.

Resources would be set aside from the existing markets budget to promote the capital work being undertaken and also to promote the launch of the refurbished markets.

## 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 6.1 **Children & Young People in Halton**

Not applicable.

### 6.2 **Employment, Learning & Skills in Halton**

- 6.3 The markets allow potential entrepreneurs and fledgling businesses the opportunity to set up in a supportive and low risk environment.

6.3 **A Healthy Halton**

6.4 Not applicable

6.5 **A Safer Halton**

6.6 Not applicable

6.7 **Halton's Urban Renewal**

6.8 Markets contribute to supporting the respective town centres. It also encourages local residents to 'shop local'.

7.0 **RISK ANALYSIS**

7.1 The main risk associated with these proposals is that the Council does not generate a return on its investment. The retail sector is extremely volatile and generally, town centre footfall nationally is declining. However, the Borough's markets are, in general popular and provide a service to the people of the Borough. The vast majority of visitors to the markets live within a five-mile radius.

7.2 A further risk is that traders would need to be relocated whilst the work takes place. However, it is felt that traders can be accommodated within the existing arrangements, where disruption could be kept to a minimum

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 Markets provide an opportunity for people to shop locally, and our markets are located within our town centres, with easy access to public transport links. 20% of visitors to the market travel by bus and 13% walk to the market.

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

9.1 None under the meaning of the Act.

## APPENDIX 1

### Potential Capital Programme Requirements 2016 – Widnes Market Refurbishment of the Markets in Widnes (upgrading of existing facilities).

Priority	Requirement	Further details	Estimated Cost (£000)
High	Market Hall roof refurbishment	Roof may need to be replaced due to the number of areas which have experienced water ingress.	610 (exc PVs) or 750 (inc PVs)
Medium	Painting of communal areas in Market Hall	Areas include walls in the indoor market where posters used to be located and where new internal signage has been installed.	24.6
Medium	Creation of an events space with power	Events space location needs to be created with connection to power supply to enable events such as cookery demonstrations and live music.	66
Medium	Update external signage	Following design and installation of new internal directional signage, external signage needs to be updated and installed. This will enhance links between town centre and market.	59
Medium	Painting of vacant indoor stalls (11No.)	Occupancy rate has decreased slightly to 82% with vacant stalls located in particular locations. Upgrading the appearance of the vacant stalls, along with advertising signage already in place, may increase interest from businesses.	3.5
Medium	Painting of outdoor market stalls (to previously painted areas 81No. excludes galvanised components)	Following installation of new tables in stalls and new tarpaulin sheets, the appearance of the outdoor market would be further improved by painting the metal frames of the stalls.	8.9
Low	Lighting Upgrade	To introduce better, eco-friendly lighting	150
Low	Office Heating Upgrade	Improved efficiency	20
Low	Market Heating Upgrade	Improved efficiency	35
High	Power Upgrade and Installation of individual electricity meters	Power supply to the market does not need to be increased. However, the distribution to respective stalls/units is reviewed	200
Medium	Market office relocate to Ground Floor with glass frontage	Provide a visual presence and easier communication between the markets office and traders	88
High	New entrance to the market (corner adjacent to the events space)	Facilitate a more attractive entrance to the market	27.5

Totals - High Priority: £777,500 Medium Priority £250,000 Low Priority £205,000

**GRAND TOTAL £1,432,500**