

Report to:	Overview and Scrutiny Committee (Regeneration and Skills)	Date of Meeting:	Tuesday 8th November 2022
Subject:	Southport Market - 1 Year Review		
Report of:	Executive Director	Wards Affected:	Dukes;
Portfolio:	Cabinet Member – Regeneration & Skills		
Is this a Key Decision:	No	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

Southport Market was repurposed into a Food and Drink Market and opened in July 2021, now that the first operation year is complete a yearly review has been completed.

Recommendation(s):

(1) That Committee note the report

Reasons for the Recommendation(s):

To accept the year 1 review.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

There are no direct revenue costs associated with the recommendations in this report.

(B) Capital Costs

There are no direct capital costs associated with the recommendations in this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

There are no resource implications with the year 1 review. All other resource implications are contained in the agreed business case.

Legal Implications:

There are no legal implications with the year 1 review. All other resource implications are contained in the agreed business case.

Equality Implications:

There are no equality implications

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	N

Contribution to the Council's Core Purpose:

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: The new market offer provides a high-quality experience and provides a destination for local communities to use and enjoy
Commission, broker and provide core services: N/A
Place – leadership and influencer: The Council directly contributes to an improved visitor destination as part of The Southport Development Framework creating further confidence in Southport that could lead to further private sector investment. The Market project has key strategic linkages to the Southport Town Deal
Drivers of change and reform: Providing a long-term sustainable future for Southport Market creating a new diverse use meeting the expectations of residents and visitors
Facilitate sustainable economic prosperity: This allows for a number of new small business start-ups creating additional employment and sustainable business growth
Greater income for social investment: The improved financial performance of the Market allows a greater contribution to the historic building
Cleaner Greener: The operation contributes to Sefton's aims to becoming Carbon Neutral

What consultations have taken place on the proposals and when?**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6952/22) and the Chief Legal and Democratic Officer (LD5152/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Early consultation was conducted with existing Market traders along with a wider consultation exercise, results of this was included in the full business case.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Introduction & Background

1.1 Cabinet at its meeting on 3rd September 2020 agreed to deliver a fully refurbished Market Hall with a focus on food and drink incorporating a flexible events space, which will support the wider visitor economy via.

- A revitalised Market Hall creating a sense of place, where residents and visitors will spend time, socialise, and spend more, in recognition of an excellent food and beverage, events offer and experience.
- Opportunities for new business start-ups and growth of already established businesses creating and safeguarding jobs, by offering turnover rents.
- Creating new full-time employment opportunities within the food units, bar operations as well as within the Council. The creation of a visitor economy asset that forms part of a critical mass of attractions in Southport that will contribute to the vitality and viability of the town centre and contribute to the continued growth and diversification of the visitor economy
- Act as a catalyst for the regeneration of ‘The Market Quarter’
- Eliminate the risk of closure and ‘mothballing’ based on current losses and further decline.

1.2 The new Market opened in July 2021 after undergoing the £1.4m refurbishment (funded totally from The Liverpool Combined Authority and Town Deal Acceleration Fund). The Market now has a central bar, 8 hot food units, 2 cold food units, a butcher and events space to the rear.

1.3 The aim of this report is to provide an overview of performance of the Market during the first year of operation, focused on the period during the financial year 2021-2022.

2. Year 1 Review

2.1 The original design and operation for the new Market Hall was to have a central bar serving all drinks while also being responsible for managing the floor such as cleaning, pot wash and other operational duties.

2.2 It was envisaged there would be 8 hot food kitchens, 2 smaller dessert units and Blackhurst butches being retained in the front unit.

2.3 As with all food markets it is important that the offer continues to evolve and never stays still, since opening several positive business changes have taken place and it is expected a turnover of traders will continue through the life of the market that is deemed healthy to ensure the offer continues to evolve for the customer. Some positive changes to highlight.

- **Units 6 & 7** – both units were operated by the same owner, with the units designed to sell cakes and deserts. After the summer season ended the owner gave notice to quit. Both units ceased to trade in October, unit 6 was reoccupied very quickly by a local independent cake company, since opening it has done extremely well and is an important part of the market offer. The offer of Unit 7 has changed, and a permanent trader has not been sought, it now acts as a low cost pop up opportunity for businesses.
- **Unit 8** – Was occupied by Birkdale Pie and Mash, when curating the overall offer, it was believed this type of offer would do well. However due to the impacts of Covid-19 on the audience profile and footfall the trader left the Market in December 2022. A new local Pasta Offer has taken its place.

2.4 After the first six months of operation several changes were implemented by the management team learning from trading patterns and consumer demand to refine the overall offer. Unit 5 has now been changed from a hot food offer and becomes the Markets main cold dessert offer. This means that the number of hot kitchens has reduced from 8 to 7, the reduction will have no impact on the overall turnover, or the business plan numbers. The number of hot food units will be kept under review.

2.5 Unit 7 has now also been changed to a pop-up space for uses such as bread, cheese, flowers and arts and craft. This adds to the overall offer and brings in another small income stream.

2.6 The operation of the Market has worked extremely well in year 1, Sefton remain responsible for the asset management, events and marketing. The bar operator manages the floor and pot wash area as part of their lease agreement with traders responsible for the running of their own units. Since opening the following have also been implemented.

- Indoor seating capacity extended by circa 40 covers to keep up with demand

- New outdoor seating area designed and implemented, has added circa 100 extra covers to again provide additional seating in high demand areas.
- Children's play shed installed in January, this has proved to be hugely popular and will continue to evolve

- 2.7 A regular events programme formed part of the business plan; The Market has a flexible events space to the rear capable of holding over 200 people. Since reopening the space has been utilised for several different successful events such as The Christmas Extravaganza (Christmas films), high quality markets, meetings and exhibitions all driving subnational footfall. The Space has also been hired out for private functions while also given Free of charge for community meetings and events.
- 2.8 There is also a regular events programme in the main market hall such as live music, comedy, and children's craft workshops. All these events help drive footfall into the Market and to also expand the brand, the events programme will continue to expand and evolve and again have been hugely popular in creating a new destination for Southport.
- 2.9 There has also been ongoing work with Southport Access For Everyone to ensure the venue is as accessible as possible building on The Changing Places Unit. Additional signage has been implemented within the venue along with large print instructions on all tables.
- 2.10 As part of the continuation of monitoring quality an industry renowned company was commissioned to undertake mystery guest audits. To date several units have been audited and the results have been excellent on customer service, food quality and price. These mystery audits will continue.

3. Wider Impact

- 3.1 One of the objectives of investing into The Market Hall was for it to be a catalyst for further investment in the area and Southport. Most traders in the market are from the local area and have either established new businesses or expanded current businesses. This has created over 30 new jobs.
- 3.2 The impact on the wider area has also been measurable, since The Market has reopened several long-term vacant units have become occupied by new independent businesses in both Market and King Street thus creating business start-ups and new jobs. This includes 4 new businesses on Market Street, King Street has also seen vacant units that have stood empty for 5 years become occupied There have been several instances where these new businesses have publicly stated that the Market was the reason for starting their new businesses within the area.
- 3.3 Furthermore there has also been substantial investment into other units and several sale purchases taking place, this is not showing any signs of slowing down and a number of large vacant units are now currently on the market and contracts exchanging at a fast rate. Local commercial agents have communicated the area is one of the top investment places in Southport currently.

Previous Market



Refurbished Market



3.0 Financial Performance

- 3.1 Food traders and the bar pay a turnover rent rather than a set rent measured on sq. ft; this arrangement is now common practice in many food markets that allows the landlord to be rewarded the more successful the operation becomes. It also importantly allows new start-up businesses breathing space to become established and to build up a robust cash flow.
- 3.2 In year 1 The Market only started trading from 22 July, therefore trading over an 8 month period. The operation was also trading 5 days rather than 6 due to the chronic staff shortages in the hospitality industry.
- 3.3 The agreed income targets for the operation consists of turnover rent, service charge, general rents, events, and any utility recharges.
- 3.4 Expenditure is made up several budget headings that are required such as salaries, marketing and events, utilities, repair and maintenance along with consumables.

21/22 Final Outturn

	Budget 2021/22 £000s	Outturn 2021/22 £000s	Variance £000s
Income	(365)	(293)	72
Expenditure	435	352	(83)
NET	70	59	(11)

*The above excludes the legacy loan repayment of £237k

- 3.5 The Outturn is £11k under the approved Business Case allocation, this has been achieved with the impact of COVID and the delayed opening meant missing some of the prime summer months.

4 Covid-19 Impact and Continuing Sector Pressures

- 4.1 The trading environment for the hospitality sector in 2021 saw significant changes and challenges due to Covid-19. Throughout the summer of 2021 and then into the main Christmas trading period.
- 4.2 Covid-19 caused several changes to the Market;
- Opening Date – due to the restrictions placed on hospitality venues The Market did not open until the 22nd of July 2021. This meant the operation missed out trading in Easter Holidays along with the start of the visitor economy season.
 - Operational days – The initial thinking was a six-day operation with a Monday closure. However due to the difficulties in obtaining stock and an unprecedented staff shortage in the hospitality sector the market opens 5 days with the market closed Monday and Tuesday. This has remained the case due to staffing issues in the sector, though does flex with regards to school holidays and bank holidays

- Recruitment – The hospitality sector was hit by a huge shortage in staff, this led to chefs and servers leaving at short notice meaning some traders had to close at short notice until new chefs could be recruited. The recruitment of a dedicated Marketing and Events officer was also impacted, the role was not recruited until November 2021.
- Footfall – the new variants of covid-19 had a visible impact on footfall in the shoulder seasons (September-November) in Southport. Midweek footfall was adversely impacted with many of the older demographic staying away. Also due to the collapse of coach travel and the continued closure of the STCC meaning no major conferences had a visible impact on visitor footfall in Southport. However, September 2021 was still a very strong month for The Market that seemed to buck on some the trends.
- December was very busy due to the Christmas activity, however with no year-on-year comparison it is difficult to measure. Many hospitality businesses in The UK reported a 30% fall in business.

4.3 The hospitality sector has still not fully recovered from Covid-19, and now the cost-of-living crisis is further impacting the sector, this is evidenced in the recent summer season and is forecasted to remain for the year and into next. To give some detailed context:

- Outbound holidays increased this year with many people not going away in 2021 that created a staycation boom, this is evident in Southport with footfall in the early summer holidays suffering
- People will eat out less, a recent YouGov poll shows 39% of all Britain's are cutting back on eating out and 49% of those who had been spending money on eating out in the first place.
- Cost will increase such as utilities and consumables, This will particularly impact operators within the Market.

4.4 A number of these pressures cannot be fully mitigated against; however, a series of measures have been put in place to drive footfall such as regular events, new events, targeted marketing and ensuring that The Market remains a focal destination.

4.5 Also as part of The Southport Town Deal Market Street and King Street will see an enhanced public realm, this will allow The Market Quarter to be better connected to the Town Centre. On Market Street the works will allow not only the Market but other businesses to expand onto the public realm while also allowing further outdoor events to take place. These works are expected to take place early 2023.

4.6 Alongside the continued proactive focus on driving footfall and therefore revenues, the Council will continue to work collaboratively with operating partners to ensure continued shared success in an increasingly competitive environment. There must be no complacency in respect of customer footfall, customer experience, etc, and there will be focus on ensuring continued quality and value, and a programme of events that supports customer footfall.

4.7 We will also commission a third-party review of the hospitality sector, given its importance to Sefton's economy, including focus on key current and future projects in the sector (including but not limited to Southport Market).

8. Conclusions

- 8.1 Since opening in late July the Market has been a great success, by the year in in 21/22 it had met its business plan targets in an 8-month trading period. The food and drink offer has exceeded expectations.
- 8.2 The events space has hosted a number of large-scale events such as The Christmas Extravaganza and has been booked for private bookings.
- 8.3 The new Market has had a catalyst impact with many long-term empty units in The Market and King Street becoming occupied by new independent businesses, with a number of commercial sales in the area.
- 8.4 Lessons have been learnt over the first year with regards to number of traders, operational hours and procedures and the market will continue to evolve and improve over the next two years. Many other local authorities have visited the market and requested meetings in order to learn and implement their own food markets with Southport Market being used as a good practice case study.
- 8.5 Lastly the people of Southport have embraced The Market, it has brought people back into The Town Centre and continues to generate great reviews.
- 8.6 The next 6-12 months and beyond will be challenging for the hospitality industry. There will be increased costs and a reduction in consumer spend and it is expected this will impact future trading in the Market, as with all other hospitality businesses. Mitigation measures have and are being put in place.
- 8.7 The Project has delivered.
- 1,600 m2 floorspace refurbished
 - 10 new business created
 - 1 business safeguarded
 - Over 30 jobs created



Ergun Sahillioglu

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Lots of different food stalls and they are all delicious! The service is great at each stall and at the central bar. The food also takes less than 20 minutes depending on what you are ordering and how busy it is! Great atmosphere all day around.

Like



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11 reviews



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Absolutely well worth a visit food gawjus

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