

**Manchester City Council
Report for Information**

Report to: Executive – 15 September 2021

Subject: Closure of Wythenshawe Indoor Market

Report of: Strategic Director - Neighbourhoods

Summary

The budget proposals for 2021/22 agreed the closure of the indoor market in Wythenshawe as it required an ongoing subsidy of c.£110k per annum to continue to operate.

It was agreed to continue to operate the market for a period of 6 months to provide the opportunity to attract more traders and evidence that the market could be made financially sustainable.

There has been no improvement in the sustainability of the indoor market since April 2021 and a number of traders have already vacated the indoor market into alternative premises. It is therefore confirmed that the closure will go ahead, in line with the agreed budget savings, by the end of September 2021.

Recommendations

To note the closure of Wythenshawe indoor market at the end of September 2021.

Wards Affected – Woodhouse Park

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

None

Our Manchester Strategy outcomes		Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities		
A highly skilled city: world class and home grown talent sustaining the city's economic success		

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The effective use of resources underpins the Council's activities in support of its strategic priorities.
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The closure of the indoor market will generate savings of £110k as a result of the removal of the current subsidy required to maintain operation.

Financial Consequences – Capital

None.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1.0 Introduction

- 1.1 It was agreed as part of the Council budget for 2021/22 that Wythenshawe indoor market would be closed. Funding was however provided for 6 months of 2021 to enable any alternative proposals to be brought forward to enable the market to continue to operate post 30th September 2021.
- 1.2 This report will detail the actions that have subsequently been taken to determine that there is no prospect of the current indoor market reaching a position of financial sustainability.

2.0 Background

- 2.1 Wythenshawe indoor market has required a subsidy to operate for a number of years. This subsidy has been provided from within the markets portfolio and the relative success of the retail markets at Gorton, Longsight and the Arndale.
- 2.2 The subsidy to operate Wythenshawe indoor market has been increasing as the occupancy levels continued to fall. The level of charges that can be sustained by the traders on the market fails to cover the operating costs. The market is in a relatively poor position within the centre and suffers from low footfall which impacts the level of charges that can be levied and the attractiveness to potential traders.
- 2.3 Significant efforts have been made over a number of years to attract new traders. This has included targeting successful traders from other markets who may consider expanding and potential new traders through collaborative work with the work and skills team.

3.0 Actions

- 3.1 A number of actions have been undertaken since the decision to postpone the closure of the market for a further 6 months to enable any potential sustainable alternatives to be explored.

Alternative Management

- 3.2 Discussions have taken place with the Traders Association at Wythenshawe Market around the potential for them to take over the management and operation of the market. This would have been on a similar basis to that which was implemented for Harpurhey Market when it transferred to Habro. MCC proposed to retain the staff to limit the costs and liabilities of the new operator. However, there was no appetite for this from the traders association.
- 3.3 Conversations have also previously taken place with St. Modwen and financial information shared around the trading performance and costs of the market. They chose not to take this initial interest forward and have recently been taken over by Blackstones.

- 3.4 Due to the low level of occupancy that has persisted for a number of years, coupled to the challenges of low footfall that have been exacerbated by the Covid pandemic, it is considered highly unlikely that an alternative operator could be identified to take over the market in its current format.

Test Trading Project

- 3.5 The Markets team engaged with the Work and Skills team, Wythenshawe Community Housing Group and People Plus to develop a programme of trader support. The Work and Skills team provided a £5k budget to commission People Plus to deliver a bespoke start up support programme, like the Manchester Youth Market provision. The proposal included: -

- 2 engagement events – 1 physical / 1 virtual depending on restrictions.
- 2 workshops for interested applicants.
- 1-2-1 sessions for residents wishing to join the programme and test trade.

- 3.6 However, the Work and Skills team were unable to secure any traders by 4 June. In addition, it was considered highly unlikely that any traders subsequently identified would be in a position to pay the full rent and service charge from October 2021.

- 3.7 The project was subsequently put on hold but can be revived if there is subsequent interest in a future market offer.

4.0 Current Position

- 4.1 There were around 7 traders on the indoor market at the time of the budget proposals. A number of these traders have already made decision around future trading, with the café relocating to alternative premises within the district centre. This has had a further negative impact on the footfall levels within the market.

- 4.2 There are currently only 4 traders remaining on the market, one of which has indicated that they will be retiring when the market closes. There are alternative trading opportunities for the three remaining traders on the other retail markets.

4.0 Potential Future Offer

- 4.1 The lease for the current indoor market is being considered by the Strategic Development team in the context of the potential redevelopment of the district centre. Discussions will take place with the landlord around the current obligations within the lease and any amendments or surrender that may be required.

- 4.2 It may be advantageous for the Council to retain the lease, which will entail holding costs of c£40k per annum, in order to facilitate the future development plans of the centre.

4.3 Work is being commissioned from a specialist provider to create recommendations for a potential new food and drink offer in Wythenshawe that will meet the needs of the residents and the local economy; and deliver enhanced social impact. The work will include consultations with local residents, community groups, businesses and other stakeholders.

4.4 The results of this work will be included within the expected 'levelling up' fund bid for the area or could potentially, should funding be identified, be implemented as a stand-alone project.

4.5 Any future proposals for the centre will be subject to further reports to the relevant committee

5.0 Contributing to a Zero-Carbon City

5.1 There are no changes to the strategy or contribution as a result of this decision.

6.0. Key Policies and Considerations

(a) Equal Opportunities

6.1 There is no impact on equal opportunities.

(b) Risk Management

6.2 There are no significant risk management issues arising.

(c) Legal Considerations

6.3 The indoor market is currently leased to the Council under a Lease dated 7th February 2002 for a term of 99 years (less 1 day) from the 29th September 1996. The lease is on a peppercorn (nil) rental basis but there are obligations to pay service charge and insurance rent. These obligations will continue notwithstanding the proposed closure of the Indoor Market and so the Council will continue to be liable for service charge and insurance payments under the terms of the Lease. There are also other covenants and obligations on the Council's part in the Lease, for example to repair and maintain the Premises and as to the use of the Premises.