

For publication

Chesterfield Markets Fees and Charges 2019/20

Meeting: 1.Cabinet

Date: 13 November 2018

Cabinet portfolio: Town Centre and Visitor Economy

Report by: Assistant Director – Commercial Services

1.0 Purpose of report

1.1 To set the fees and charges for the Chesterfield open markets and the Sunday car boot sale from 1 April 2019.

2.0 Recommendations

2.1 That no increase in stall fees should be introduced from 1 April 2019 on all stall rents on the general, flea and farmer's markets.

2.2 That the decline in occupancy levels of 8% be included in 2019/20 target income.

2.3 That there should be no increase in fees at the car boot sale held under licence by Chesterfield Football Club at the Proact Football Stadium.

2.4 That there should be no increase on electricity, storage charges and the publicity levy on the open market.

- 2.5 That the Market Manager has discretion to negotiate stall charges outside the set charges, to support new traders, existing traders that are struggling to continue and larger traders occupying multiple stalls.
- 2.6 That no rent free holiday period be offered to licensed traders for 2019/20, to help offset the predicted deficit.
- 2.7 That a review of the operating costs are undertaken, in particular in relation to the cleaning arrangements with Veolia.
- 2.8 That a 3% increase in stall prices is considered for 2020/21.

3.0 **Background**

- 3.1 Stall rents on the general markets vary in price according to four main factors:
- Length of stall – stalls are available in three sizes: 8 foot, 10 foot and 12 foot.
 - Day of the week – in recognition of the fact that the Monday and Friday markets are not as popular as the Saturday market, rents are lower on these days compared to Saturday. Thursday rents are comparable to Saturday. Tuesday and Wednesday are now available to selected traders.
 - Location in the town centre – rents reflect the anticipated footfall. Stalls on Central Pavement and Packers Row have the highest rents, and only pop-up marquees are available on Central Pavement.
 - Location within the market – again this reflects the anticipated footfall. Premium priced stalls are considered to be the top and bottom rows of the Market Place and New Square and the south side of the Market Hall. Intermediate priced stalls are located at the end of a row and centre aisles in both the Market Place and New Square. The lowest

priced stalls are the inside stalls in both New Square and the Market Place, areas with the lowest footfall.

- 3.2 The popularity of a stall location is reflected in the stall rents, these range from £9.70 for an inside, 8 foot stall on Monday and Friday to £31.20 for a 12 foot, top or bottom row stall on Saturday. A full list of all the stall rents is attached in Appendix A.
- 3.3 The rents on the Thursday flea market follow a similar pricing structure to the general markets; the location and the length of stall determine the prices.
- 3.4 Included in the stall rent, traders are also charged for electricity at £1.50 per day and 20p publicity fee. £11.20 is charged per storage box, per week, if required.
- 3.5 On the car boot sale, now held at the Proact Football Stadium and managed by Chesterfield Football Club, all vehicles are charged a fixed fee according to the number of parking spaces that they occupy. This is currently set at £10 per car space. This is viewed as the “ceiling price” for car boots in the area.
- 3.6 The Council receives a 35% income share of any net profit made by the car boot operation, for 2018/19 this is anticipated to be £11,300.
- 3.7 A fixed rent is also charged on the farmers’ market, which takes place on the second Thursday of each month.
- 3.8 The hire of New Square by third party operators, such as the Artisan Market, is by negotiation but typically costs £300 per day if all the stalls are to be let out.
- 3.9 The table below shows the stall fees agreed over the preceding 6 financial years:

Financial Year	Increase
2013 - 2014	1.5%
2014 - 2015	3.0%
2015 - 2016	3.0%
2016 - 2017	Nil
2017 - 2018	Nil
2018 - 2019	Nil

4.0 **Current Situation**

4.1 Chesterfield is a historic market town and the success of the town as a shopping destination is often aligned with the performance of the market, both outdoor and indoor. Busy market days, particularly Event driven days, see the town centre become a lively, dynamic and social place.

4.2 The occupancy, and subsequently income, for the current financial year has shown a further decline, continuing the trend seen over the last 4 years and can be seen in the table below.

4.3 The decline in occupancy is due to a number of reasons, locally these include traders retiring, traders no longer being able to sustain their business, traders choosing to cease trading and seek paid employment, traders standing less days, traders exploring other markets, traders going on line to trade and traders moving into premises to grow their businesses.

4.4 Nationally many markets have declined citing the increase in on line shopping, competition from out of town retail, car parking charges, lack of investment in markets and both the decline in footfall on the High Street and market shopping as the contributing factor.

4.5 The Council continues to recognise the difficult trading conditions locally and nationally in markets, the previous 3 years have seen no stall fee increases in support of this,

despite increases in inflation and the RPI. If the RPI increase had been applied over the last 3 years then a year on year increase of around 3% would have been expected.

Market Occupancy

2014/15	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
Full Year	121	50%	125	52%	146	61%	160	89%
2017/18	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
Full Year	81	34%	89	37%	97	40%	139	77%
2018/19	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
April to October	64	27%	74	34%	92	38%	121	67%

5.0 **Proposed Charges for 2019/20**

- 5.1 The council's budget strategy is to deliver a balanced and sustainable budget. Given the forecast budget deficit to the General Fund it is important that all potential increases to income streams are implemented.
- 5.2 It is part of this strategy to seek a minimum inflationary increase of 3% on all income streams across the Council in 2019/20 or greater, but only if the market will bear it. The council does need to show a reasonable return on its investment on what is a valuable town centre asset.
- 5.3 At the Markets Consultative Committee in November 2018 traders expressed their concerns that any stall fee increases would have a negative impact on existing traders, and that potentially this would push traders to either finish trading or

move on. Traders asked for assistance from the council to consider once again not increasing stall fees for 2019/20 as traders were struggling to sustain their businesses in these difficult trading times.

5.4 Retaining traders is crucial to the continued survival of the market, attracting and retaining new traders is increasingly difficult, confidence is low and getting established takes time, and unfortunately not many new traders are prepared to take the risk.

5.5 Chesterfield stall fees are however competitive and have been benchmarked with other local markets as can be seen in the table below. New traders are given introductory rates of £10 per stall for the first 3 months and increased in line with existing prices once they are established. Thursday traders are not offered this incentive as there is not the same need to attract new traders as occupancy remains strong comparatively.

Town	Mon	Tues	Wed	Thurs	Fri	Sat
Chesterfield	£9.90 to £20.70	£15.00 to £20.00	£15.00 to £20.00	£17.50 to £29.00	£9.90 to £20.70	£16.00 to £32.10
Bakewell	£26.30					
Ilkeston				£15.00	£15.00	£15.00
Mansfield		£11.00	£6.00	£11.00	£11.00	£16.00
Newark	£23.00		£23.00	£23.00	£23.00	£23.00
Rotherham	£15.95	£19.90	£14.75		£16.65	£16.65
Worksop			£14.50		£14.50	£13.50
Retford				£14.50	£13.50	£15.50

- Prices were obtained from individual operator websites and direct phone call
- Prices shown for other markets are the cheapest stalls available on that day

- All markets have introductory offers for new starters, generally £5 to £10 per stall for up to 3 months and longer
- The majority of markets surveyed above, when questioned, were open to negotiation on stall prices
- The Market Manager had discretion to negotiate stall charges outside these set charges, to support new traders, existing traders that are struggling to continue and larger traders occupying multiple stalls (audit have requested this be re-approved as part of this report)
- All operators have not indicated if they are to increase their prices for 2019/20 as yet

5.6 It is difficult to directly compare stall rents between other markets for a variety of reasons, including facilities offered such as parking, lighting and stall sizes; location is always a key factor to a stalls worth and will be reflected in a premium price not represented in the table. This is evidenced here at Chesterfield with street pitches set at £34.80 on Mon/Thur/Fri and £45.90 on Saturday for a 3m area.

5.7 The National Market Traders Federation (NMTF) recognises that the industry as a whole nationally is facing difficult and uncertain times and urges Local Authorities to support and invest in their markets if they are to compete with all the threats from differing retail channels and the current, continuing downturn on the High Street.

6.0 **Rent Free Holiday Entitlement 2019/20**

6.1 The concessionary free week rent given to licensed market traders has always been subject to the Council's financial position no free rent week is proposed to licensed traders. To offer this would result in giving back the majority of any stall increase.

7.0 **Financial Considerations**

- 7.1 If the proposed nil increase to the 2019/20 charges are accepted the target income from the general and flea markets will be an estimated **£430,000**. This takes into account the current deficit trend of 8%.
- 7.2 The main items of expenditure on the markets are refuse collection (£104,000), business rates (£105,000), staffing costs, central recharges and maintenance.
- 7.3 If the anticipated income is achieved then the Council will make a net deficit of around £100,290 in 2019/20.
- 7.4 Actions to improve this situation include the opportunity to increase trading by focussing on additional event driven markets e.g. a Food and Grooves offer, Motor Fest and Christmas Festive Fayre with a program currently underway for 2018/19, this has been very successful and will be further enhanced for 2019/20.
- 7.5 Economic Development have prepared a bid for funding the market reconfiguration project through the Business Rates Pooling initiative, this has been submitted through Derbyshire Economic Partnership and is currently being assessed. This focusses on re-visiting the existing reconfiguration project options and how this will create employment opportunity outcomes if further developed and funded. The council is committed to ensuring the market continues to be a key attraction for the town centre creating both jobs and supporting the vitality of the town centre as a whole.
- 7.6 A review of the market operationally is being undertaken to identify where both potential savings can be made operationally and where additional income can be generated through new commercial opportunities such as the increase in event days to address this worsening financial position.

8.0 Risk Management

8.1 Retail conditions remain difficult both in Chesterfield and nationally throughout both the markets as an industry and the high street in general.

Description of Risk	Likelihood	Impact	Mitigating Action	Resultant Likelihood	Resultant Impact
Adverse weather conditions, less trading days	H	H	Open for business protocol in place. Seasonal drop in income accounted for in budget.	M	M
Drop in occupancy levels	H	H	Ensure licensed traders have tangible benefits. Benchmark our activities and pricing structure against other local markets and car boot sales	M	M
Competitor activity/drop in footfall /increase in on line and out of town shopping	H	H	Vibrant town centre a priority. Investment in town centre, including markets.	M	M
No further investment in the market	M	H	Operate events to stimulate an increase in customer base	M	M

9.0 Equalities Impact Assessment (EIA)

9.1 The proposals have no negative impacts on any of the equalities groups.

10.0 **Alternative Options to be Considered**

- 10.1 An increase in market rents of 3%, a 3% increase has the potential to increase income by around £12,900.
- 10.2 An increase in market rents of less than 3%, a 2.0% increase could potentially increase income by £8,600 and a 1% increase could potentially increase income by £4,300.

11.0 **Recommendations**

- 11.1 That there should no increase in stall fees from 1 April 2019 on the general, flea and farmers markets.
- 11.2 That the decline in occupancy levels of 8% be included in 2019/20 target income.
- 11.3 That there should be no increase on the car boot sale fee at the Proact Football Stadium.
- 11.4 That there should be no increase on electricity, storage charges or the publicity levy on the open market.
- 11.5 That the Market Manager continues to have authority to negotiate stall fees.
- 11.6 That no rent free holiday period be granted to licensed traders for 2019/20.
- 11.7 That a review of the current operating costs are undertaken.
- 11.8 That a 3% increase in stall fees for 2020/21 is considered.

12.0 **Reasons for Recommendations**

- 12.1 To continue to secure a viable open air market in Chesterfield.

- 12.2 To ensure that the council continues to receive an acceptable return on a valuable town centre asset through supporting traders during this continued economic downturn.

Decision information

Key decision number	848
Wards affected	All
Links to Council Plan priorities	To provide value for money services

Document information

Report authors	Contact number/email
Mike Brymer/Andy Bond	345325/345991
Appendices to the report	
Appendix A	Stall Rents 2019-20