

## **FOR PUBLICATION**

### **CHESTERFIELD MARKET FEES AND CHARGES 2016/17** **T000**

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MEETING:	1. CABINET 2. CABINET MEMBER FOR TOWN CENTRE AND VISITOR ECONOMY
DATE:	1. 12 JANUARY 2016 2. 21 DECEMBER 2015
REPORT BY:	TOWN CENTRE OPERATIONS MANAGER
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION NUMBER:	586

#### 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 2016.

#### 2.0 **RECOMMENDATIONS**

- 2.1 That no increase in stall fees be introduced from 1 April 2016 on all stall rents on the general, flea and farmers' markets.
- 2.2 That there should be no increase on the car boot sale fee at the Proact Football Stadium.
- 2.3 That there should be no increase on electricity, storage charges, and the publicity levy on the open market.

### 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 which 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.

3.6 A fixed rent is also charged on the farmers' market, which takes place on the second Thursday of each month.

#### 4.0 **CURRENT SITUATION**

4.1 Chesterfield is a historic market town and the success of the town as a shopping destination depends to a great extent on the market, both outdoor and indoor. The market sets Chesterfield apart from most other towns of a similar size, not just in appearance, but it results in the town centre having a significant number of independent traders. Busy market days see the town centre become a lively, dynamic and social place.

4.2 The occupancy figures for the current financial year for the open air markets shows average occupancy for each day as, Monday – 43%, Friday – 46%, Saturday – 54% and Thursday – 82%. The actual breakdown is set out below. The occupancy figures for the equivalent period for the previous financial year are included for comparison. A decline in occupancy on all days is evident.

#### Market Occupancy

2014/15	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
Apr-Oct	129	51%	140	53%	155	59%	178	95%
2015/16	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
Apr-Oct	103	43%	111	46%	129	54%	148	82%

4.3 The decline in occupancy is due to a number of traders having retired or ceased trading and the continued decline in the number of casual traders. Alongside this an increasing number of licensed traders have decided not to trade on all 3 market days, but dropped to 2 days per week or in other cases reduced the number of stalls that they rent each day.

4.4 Trading conditions are difficult in the town centre, with strong competition from on-line sales and out of town shopping. In accordance with the national trend the annual town centre footfall survey, commissioned by the council in April/May since 2012, shows a decline over the last 4. Footfall has, however, significantly increased

at Markham Road, the crossing point from the town centre to Ravenside Retail Park, over the same period.

- 4.5 It should be noted that the council's asset management partner (Kier) has not increased rents on any town centre retail properties that are owned or managed by the council over the last 3 years.
- 4.6 Despite this, however, Chesterfield still has a good market, in comparison with many other market towns; it is viewed as "the heart of the town centre" with between 100 and 150 stalls trading on a market day. Some members of the public have the impression that the market is 'empty' however Chesterfield market, unlike many other markets, has permanently fixed stalls and unused stalls cannot be removed. In many markets, such as Bakewell, the stalls are temporary structures, and only the stalls that are occupied are set up for the day, giving the impression that the market is fully occupied, busy and vibrant when, in fact, there are fewer stalls than on Chesterfield market.
- 4.7 If we are to retain the existing market traders and attract new traders and shoppers, we need to address the issue of footfall, sightlines and weather protection, so that we can provide good trading conditions for our traders and an attractive environment for shoppers.
- 4.8 In recognition of the importance of the open market to the future of the town, the council appointed consultants to carry out a feasibility study on the potential remodelling of the open market. The consultants commenced in April of this year analysing the existing operation and in particular the layout of Market Place. After consulting with market traders, town centre stakeholders and local residents a number of options for the reconfiguration of the market layout have been developed, with various levels of intervention.
- 4.9 Alongside this officers have been tasked with developing a business case to support the necessary investment that would be required to deliver the various options. To strengthen the business case an economic impact survey has been commissioned, this is intended to underline the financial worth of the market to the town's economy. The report will assess the direct and indirect employment levels of the market, business turnover, ancillary goods and services provided to others, increased footfall and spend on market days and its tourism draw and subsequent spend.

- 4.10 It is anticipated that the once the business case has been completed in early 2016 further consultation will take place on the various options before a decision is made by Cabinet on the preferred option and the timetable for delivery.
- 4.11 The relocation of the car boot sale from Holywell Cross car park to the football stadium in 2013 has seen the average number of vehicles attending the car boot increase from 125 to 150, with capacity of 180 often being achieved.

## 5.0 **PROPOSED CHARGES FOR 2016/17**

- 5.1 The council's budget strategy is to deliver a balanced and sustainable budget. Given the forecast budget deficits it is important that all potential increases to income streams are implemented.
- 5.2 It is part of the budget strategy to seek a minimum inflationary increase of 3% on all income streams in 2016/17 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 October 2015 traders expressed their concerns that any rise in stall fees would be difficult to sustain considering the on-going effects of the decline in footfall in both the town centre and on the market, along with the increasing competition from on-line sales and out of town shopping and the decrease in the shopping offer within the town itself, particularly since the closure of the Co-operative store.
- 5.4 Retaining licensed traders is crucial to the continued success of Chesterfield market, attracting and retaining new traders is proving to be difficult, confidence is low and getting established takes time and unfortunately many new traders are not prepared to take the risk. It is therefore proposed that no increase in stall fees from 1 April 2016 on either the all general or the flea market.
- 5.5 Chesterfield market stall rental charges are compared to other local markets, in the table below:

Place	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Chesterfield	£9.70			£17.00	£9.70	£15.60

Bakewell	£25.50					
Ilkeston				£17.00	£17.00	£17.00
Mansfield *	£10.00	£15.00	£10.00	£15.00	£15.00	£20.00
Newark	£15.00		£20.00	£15.00	£16.00	£20.00
Rotherham	£15.95	£19.90			£15.95	£15.95
Worksop		£11.00	£14.50		£14.50	£13.50
Retford				£14.50	£13.50	£15.50

- Prices were obtained from the National Market Traders Federation website (November 2015) and individual operator websites
- Mansfield\* market operates “Kipper Season”, all rents are reduced by 50% January to March inclusive
- All markets have introductory offers for new starters, generally £10 per stall for up to 3 months
- The majority of markets surveyed above, when questioned, were open to negotiation on stall prices

5.6 It is difficult to do a direct comparison of stall rents because of the various types of operation involved. Chesterfield has stall prices that differ with size and location. It should be noted that all the prices quoted in the table above are for the smallest pitches. The majority of traders at Chesterfield pay an average rental paid of £30.95 on Mondays, £29.70 on Thursdays, £31.70 on Fridays and £38.55 on Saturdays.

5.7 The electricity charges were increased in 2014/15 from £1.40 to £1.50, this adequately pays for the electricity costs in 2015/16 and it is calculated that it will also cover the costs in 2016/17. It is also proposed that there is no increase in the publicity levy or the storage charges in 2016/17.

5.8 As part of the management arrangements the fees for the car boot sale are reviewed annually by both the football club and the council. The current fee of £10 per car space was introduced in April 2014, an increase of 60p at the time. This fee has been benchmarked against rival car boot operators and it is believed that this is the maximum fee that can be charged without having a negative impact on occupancy levels.

## 6.0 **RENT FREE HOLIDAY ENTITLEMENT 2016/17**

6.1 In 2012 cabinet agreed that all licensed traders should be granted a

one week rent free period for licensed traders and the funding of a second week rent free period be subject to cabinet approval in each financial year. It is, however, dependent on sufficient surplus income being achieved over and above the agreed target income for the financial year in question.

6.2 Although a rent free week will be given to licensed traders in March 2017 there is not sufficient surplus income to give licensed traders a second rent free week in 2016/17.

## 7.0 **FINANCIAL CONSIDERATIONS**

7.1 If the proposed nil increases to the 2016/17 charges are accepted the target income from the general and flea markets will be an estimated £572,900. This is based on the revised anticipated income for 2015/16, it should also be noted the actual income for 2014/15 was £587,284.

7.2 The main items of expenditure on the markets are staffing costs, central recharges, the payment of the refuse collection service and business rates. It is anticipated that council will make a net surplus of £64,560 in 2015/16 and £56,650 in 2016/17.

7.3 The budgeted income for the car boot sale for 2015/16 is £16,450 and is on target to be achieved, subject to weather conditions. This would achieve a net surplus of £10,980 compared to the council's net income of £7,118 in 2011/12, the last financial year in which the council operated the car boot sale from Holywell Cross car park.

## 8.0 **RISK MANAGEMENT**

8.1 Retail conditions remain difficult both in Chesterfield and nationally, both in 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	H	H	Vibrant town centre a priority. Investment in town centre, including markets.	M	M
Increase in overheads – cleaning contract	M	H	Adhere to procurement process, seek best value.	M	L

## 9.0 EQUALITIES IMPACT ASSESSMENT

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

## 10.0 ALTERNATIVE OPTIONS TO BE CONSIDERED

10.1 An increase in market rents of 3% or greater could be introduced in line with the council's policy of seeking an above inflation increase in income, if sustainable. If a 3% increase was introduced this could potentially increase income by around £16,000, delivering a potential total income of £588,900. It is recognised, however, that based on the response of the market traders at the Markets Consultative Committee that this may not be sustainable and could have a detrimental impact on stall occupancy and income.

10.2 A 5% increase on the car boot could be introduced would result in a price increase from £10.00 to £10.50. This could generate extra income of £2,500 in total of which the council would receive £750 and the football club £1,750, this is in line with the agreement split of 70%/30%. This small potential increase could have a negative effect on attendance as this could lead to traders leaving in favour of our cheaper competitors.



## 11.0 RECOMMENDATIONS

- 11.1 That there will be no increase in stall fees from 1 April 2016 on the general, flea and farmers' markets.
- 11.2 That there should be no increase on the car boot sale fee at the Proact Football Stadium.
- 11.3 That there should be no increase on electricity, storage charges, and the publicity levy on the open market.

## 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.

You can get more information about this report from Andy Bond (01246 345991) or Bernadette Wainwright (01246 345779).

Officer recommendation supported.

Signed:



Cabinet Member

Date: 21 December, 2015

**Fees and Charges 2016/17– no increase**

<b>MONDAY &amp; FRIDAY</b>	<b>RENT 16/17</b>	<b>LIGHT 16/17</b>	<b>PUB 16/17</b>	<b>TOTAL 16/17</b>
12' Top & Bottom Row	18.50	1.50	0.20	20.20
10' Top & Bottom Row	17.30	1.50	0.20	19.00
8' Top & Bottom Row	16.20	1.50	0.20	17.90
12' End Row & Centre Aisle	16.20	1.50	0.20	17.90
8' End Row & Centre Aisle	12.80	1.50	0.20	14.50
12' Inside	11.50	1.50	0.20	13.20
8' Inside	8.00	1.50	0.20	9.70

<b>THURSDAY</b>				
12' Top & Bottom Row	26.50	1.50	0.20	28.20
10' Top & Bottom Row	24.00	1.50	0.20	25.70
8' Top & Bottom Row	21.00	1.50	0.20	22.70
12' End Row	26.30	1.50	0.20	28.00
8' End Row	20.90	1.50	0.20	22.60
12' Centre Aisle (Main Sq)	24.00	1.50	0.20	25.70
8' Centre Aisle (Main Sq)	19.60	1.50	0.20	21.30
12' Inside	20.40	1.50	0.20	22.10
8' Inside	15.40	1.50	0.20	17.10

<b>SATURDAY</b>				
12' Top & Bottom Row	29.50	1.50	0.20	31.20
10' Top & Bottom Row	25.40	1.50	0.20	27.10
8' Top & Bottom Row	20.90	1.50	0.20	22.60
12' End Row	29.40	1.50	0.20	31.10
8' End Row	20.60	1.50	0.20	22.30
12' Centre Aisle (Main Sq)	24.30	1.50	0.20	26.00
8' Centre Aisle (Main Sq)	17.80	1.50	0.20	19.50
12' Inside	19.60	1.50	0.20	21.30
8' Inside	13.90	1.50	0.20	15.60

<b>Other Pitches</b> (+ 20p Publicity Fee)	<b>Mon/Fri</b> <b>16/17</b>	<b>Thurs</b> <b>16/17</b>	<b>Sat</b> <b>16/17</b>
8' Central Pavement	34.80	34.80	45.90
16' Central Pavement	51.50	51.50	68.20
Burlington Street + electricity	21.60 1.50	21.60 1.50	27.20 1.50
Direct sales pitch	22.30	22.30	27.80
Demo pitch	15.90	15.90	15.90
Arena/Portland site	44.80	44.80	56.00
Fairground ride	28.90	28.90	28.90
Ice cream	21.90	21.90	21.90
Catering unit Market Place + electricity	36.00 1.50	36.00 1.50	36.00 1.50
Catering unit New Square + electricity	36.00 1.50	36.00 1.50	36.00 1.50
Storage per week	11.20		
Farmers' market	20.60		
Car boot	10.00		