

For publication

Chesterfield Markets Fees and Charges 2018/19 (TV000)

Meeting: Cabinet

Date: 30 January 2018

Cabinet portfolio: Town Centre and Visitor Economy

Report by: Town Centre Operations Manager

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 2018.

2.0 Recommendations

2.1 That no increase in stall fees be introduced from 1 April 2018 on all stall rents on the general, flea and farmer's markets.

2.2 That the decline in occupancy levels of 6% be included in 2018/19 target income.

2.3 That there should be no increase in fees at the car boot sale fee 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 no rent free holiday period be offered to licensed traders for 2018/19, to help offset the nil stall rent increase.

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. This is currently set at £10 per car space.

- 3.6 A fixed rent is also charged on the farmers' market, which takes place on the second Thursday of each month.
- 3.7 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.

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 3 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.

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	%
April to	81	34%	89	37%	97	40%	139	77%

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5.0 Proposed Charges for 2018/19

- 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 2018/19 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 2017 traders expressed their concerns for the future of the market and noted its continued decline. Traders asked for assistance from the council to revisit the proposed reconfiguration project and consider not imposing any rent increases for the year ahead 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. It is therefore proposed that there is no increase in stall fees from 1 April 2018 on either the general or flea market.
- 5.5 Chesterfield stall fees are competitive and have been benchmarked with other local markets as can be seen in the table below.

Town	Mon	Tues	Wed	Thurs	Fri	Sat
Chesterfield	£9.70 to £20.10	£15.00 to £20.00	£15.00 to £20.00	£17.00 to £28.20	£9.70 to £20.10	£15.60 to £31.20
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
- The majority of markets surveyed above, when questioned, were open to negotiation on stall prices
- All operators are not intending to increase their prices for 2018/19

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 both 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 2018/19**

6.1 The concessionary free week rent given to licensed market traders has always been subject to the Council's financial position, in recognition of the current income deficit and the recommendation to not increase stall fees for 2018/19 no free rent week is proposed to licensed traders. This would result in a cost neutral situation if stall fees are not to be increased and no free week is given. It is felt that traders would accept this in return for not increasing stall fees.

7.0 **Financial Considerations**

- 7.1 If the proposed nil increase to the 2018/19 charges are accepted the target income from the general and flea markets will be an estimated **£497,600**. However, if the decline in occupancy levels continues, currently at 6%, this will have an adverse impact on income by reducing this target by £29,800 to £467,740.
- 7.2 The main items of expenditure on the markets are staffing costs, central recharges, refuse collection, business rates and maintenance.
- 7.3 If the anticipated income is achieved then, for the first time, the council will make a net deficit of £9,600 in 2017/18, £33,900 in 2018/19, and if the 6% decline in occupancy is included the net deficit would increase to £63,750.
- 7.4 Actions to improve this situation include further reducing operational and staffing costs, currently 2 posts have been kept vacant within the staffing structure. The main opportunity to increase trading is being focussed on additional event driven markets e.g. a street food offer, with a program currently in development for 2018/19 underway.
- 7.5 Economic Development have prepared a bid for funding the market reconfiguration project which has been submitted to the Sheffield City Region Investment Fund. 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.
- 7.7 The downturn in occupancy on New Square market is a matter of concern, in light of this it is necessary to either rationalise the existing trader offer into one market area or consider an alternative, complimentary use. The first stage in this will be an

initial discussion at the Markets Consultative Committee to gain an understanding of what alternative options could be considered.

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% 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 £14,000, delivering a potential total income of £481,765. 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 trader confidence and loyalty, stall occupancy and income.
- 10.2 An increase in market rents of less than 3% could potentially increase income by the following amounts, 0.5% could potentially increase income by £2,350, 1% could potentially increase income by £4,677, 1.5% could potentially increase income by £7,000 and 2% could potentially increase income by £9,350. Again these are viewed as having a detrimental impact on trader confidence and loyalty, stall occupancy and income.

11.0 **Recommendations**

- 11.1 That there will be no increase in stall fees from 1 April 2018 on the general, flea and farmers markets.
- 11.2 That the decline in occupancy levels of 6% be included in 2018/19 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 no rent free holiday period be granted to licensed traders for 2018/19.

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	786
Wards affected	All
Links to Council Plan priorities	To provide value for money services

Document information

Report author	Contact number/email
Andy Bond	5991
Appendices to the report	
Appendix A	Stall Rents 2018-19