

FOR PUBLICATION

CHESTERFIELD MARKET FEES AND CHARGES 2015/16
T000

MEETING:	1. CABINET 2. EXECUTIVE MEMBER FOR LEISURE, CULTURE AND TOURISM
DATE:	1. 27 JANUARY 2015 2. 13 JANUARY 2015
REPORT BY:	TOWN CENTRE OPERATIONS MANAGER
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION NUMBER	453

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 2015.

2.0 **RECOMMENDATIONS**

2.1 That an increase of 3% be introduced from 1 April 2015 on all stall rents on the general, flea and farmers' markets as set out in Appendix A.

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.

2.4 That all licensed market traders be given one week rent free in March 2016.

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 £7.80 for an inside, 8 foot stall on Monday and Friday to £28.60 for a 12 foot, top or bottom row stall on Saturday.

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 In addition to the stall rent, traders are also charged for electricity at £1.50 per day, a 20p publicity fee and £11.20 for storage 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 As with all town centre retailers, in 2014/15 market traders have continued to be impacted on by the increased competition from multiples, out of town shopping, the internet and the on-going difficulties in the economy, resulting in a decrease in footfall in the town centre.

4.3 A number of traders have either retired or sought alternative markets and there continues to be a decline in the number of casual traders. Alongside this a few 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 The occupancy figures for the current financial year (first half) for the open air markets shows average occupancy for each day as, Monday – 48%, Friday – 51%, Saturday – 57% and Thursday – 95%. The actual breakdown is set out below.

2014/15	Monday		Friday		Saturday		Thursday	
	Actual	%	Actual	%	Actual	%	Actual	%
Apr-Jun	139	51%	145	53%	160	59%	178	95%
Jul-Sep	119	45%	135	50%	150	55%	178	95%

4.5 Despite this, however, Chesterfield still has a good market at the heart of the town with between 119 and 178 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.

- 4.6 If we are to retain the existing market traders and attract new traders, we need, however, to address the issue of footfall and sightlines, so that we can provide good trading conditions for our traders and an attractive environment for shoppers.
- 4.7 The Market Hall has recently benefited from a multi-million pound refurbishment which has resulted in attracting new businesses and increasing footfall. As part of this project stronger links were also established with the outdoor market. For the open market to fully benefit from this development it also needs investment to improve the quality of the offer and to attract new traders.
- 4.8 In recognition of the importance of the open market to the future of the town, the council recently approved the necessary funding to appoint consultants to carry out a feasibility study on the open market. The consultants will be required to analyse the existing operation, present a number of options for the reconfiguration of the market layout, provide estimated costs for these options and evaluate them. They will also be asked to assess if there is a business case to support the necessary investment that would be required to deliver the preferred option.
- 4.9 As part of the process the appointed consultants, will be required to consult with elected members, including the Community, Customer and Organisational Scrutiny Committee, market traders and local residents for their comments and endorsements. It is anticipated that after a competitive tendering process a consultant would be appointed in March 2015 and that a report on the findings of the feasibility study and options appraisal would be submitted to cabinet for consideration later in the year.
- 4.10 The proposed increase in fees and charges for 2015/16 is based on the current layout and services provided. The outcome of the feasibility study could, in the future, lead to a more fundamental review of the fees and charges structure on the Market Place, with more prominently located stalls and less inside stalls being available. It is anticipated that a reconfiguration of the stall layout will result in a more simplified pricing structure being introduced.

- 4.11 Because of declining occupancy levels and the potential to use Holywell Cross car park for future retail/leisure development, the car boot sale was relocated to the Proact Football Stadium in January 2013. It is managed, under the Council's Market Charter Rights, by Chesterfield Football Club. This site offers better facilities to both traders and the public, with 300 free car parking spaces for the public on site and capacity for 180 vehicles. In accordance with the agreement with the football club, the council receives a percentage of the net income.
- 4.12 The car boot sale takes place every Sunday except when the weather is inclement or when a Sunday football league match or a concert is arranged. This is similar to the operation on Holywell Cross car park, the original site for the car boot sale, when the car boot was also cancelled due to poor weather and events such as the Race for Life, and fun fairs.
- 4.13 The relocation of the car boot to the football stadium has seen the average number of vehicles attending the car boot increase from 125 to 150, with capacity often being achieved. The budgeted income for 2014/15 is £15,970 and is on target to be achieved subject to weather conditions. This compares 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.
- 4.14 As part of the management arrangements the fees for the car boot sale are reviewed annually by both the football club and the council.

5.0 **PROPOSED CHARGES FOR 2015/16**

- 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 2015/16 or greater if the market will bear it. The council needs to show a reasonable return on its investment on what is a valuable town centre asset.
- 5.3 The original 2014/15 budget estimated an income of £671,750 for all open air markets and the car boot sale but it is now anticipated that this will be £641,750, a decrease of £30,000. This is caused by a 7% decline in the general market income. Both the flea market and

car boot are, however, performing to budget. As such there will be a net decrease of around 4% across all income streams. This still represents an uplift in income of 2.7% over the 2013/14 income.

- 5.4 The proposed rent increase in 2015/16 has been discussed with trader representatives at the Markets Consultative Committee in November 2014 and a 3% increase was put forward, to help the council cover both the operating costs of the market and contribute towards delivering a balanced budget. This was met with concerns that traders were still finding trading conditions to be poor and that a number of traders would find any increase difficult, particularly as they felt unable to pass the increase on to the consumer.
- 5.5 It was suggested that a scheme be looked at which would enable traders to pre-pay for their stalls and be given a discount for doing so. Initial findings are that Thursday flea traders would not be prepared to pre-pay, regardless of any incentive to do so. The only traders on the general market that were interested were the fruit and vegetable sellers who stand six days per week. Out of 30 general market traders asked about the pre-pay scheme only three were interested but only if the discount was significant (10% minimum).
- 5.6 The overall outcome was that traders were not in favour of the introduction of an advanced payment discount scheme. If all the traders did not support the introduction of such a scheme no staff savings could be achieved to offset the potential drop in income.
- 5.7 It should be noted that the markets manager was granted delegated authority by members to offer rent concessions to traders on an ad-hoc basis, reacting to individual circumstances, bad weather concessions or starter rates for new traders. This was agreed as part of the 2011/12 markets fees and charges report. In 2014/15 the markets manager used this delegated authority eight times, when bad weather resulted in low attendance of traders and poor footfall. On these occasions the markets manager acknowledged that trading conditions were very poor and subsequently charged a reduced rent to the relatively few traders who had attended.
- 5.8 Retaining licensed traders is key to the continued success of Chesterfield market but the council is also committed to delivering a balanced budget. It is therefore proposed that a minimum inflationary increase of 3% be introduced from 1 April 2015 on all general and flea market stall rents. However, in recognition of the

continuing challenging trading conditions for market traders, it is proposed that there should be no increase in electricity charges, the publicity levy or the storage charge in 2015/16.

- 5.9 The electricity charges were increased in 2014/15 from £1.40 to £1.50 and as a result it is estimated that there will be a surplus within this budget of £15,000 at the end of this financial year. It is anticipated that this will cover the predicted increase in electricity costs in 2015/16.
- 5.10 The proposed 3% increase in fees and charges will result in an increase ranging from 20p to 90p per stall, it should be remembered, however, that most traders have more than one stall. See Appendix A for a full list of the proposed 2015/16 fees and charges.
- 5.11 Chesterfield market stall rental charges are compared to other local markets to ensure competitiveness.

Place	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Chesterfield	£9.70			£17.10	£9.70	£15.60
Bakewell	£24.75					
Ilkeston				£17.00	£17.00	£17.00
Mansfield	£10.00	£15.00	£10.00	£15.00	£15.00	£20.00
Newark	£14.50		£20.00	£14.50	£20.00	£20.00
Rotherham	£15.95	£19.90			£15.95	£15.95
Worksop		£11.00	£14.00		£14.00	£14.00

It is difficult to do a direct comparison because of the various types of operation. Chesterfield has stall prices that differ with size and location but can compete with price on any market day. It should be noted that all the prices quoted are for the smallest pitches and all offer premium pitches at higher rates. Prices obtained from the National Market Traders Federation website (November 2014) and operators websites.

- 5.12 After discussions with the football club in January 2014 it was agreed by cabinet to increase the fee for the car boot sale from £9.30 to £10.00 per vehicle. This was an above inflation price rise but it was felt that the event would stand this increase as most of the local competitors were charging a comparable fee and it would also assist with cash handling on the day.

5.13 The football club have requested that the £10.00 fee is not subject to an increase in 2015/16. The current fee has been benchmarked against rival car boot operators and the markets manager believes that this is the maximum fee that can be charged without having a negative impact on occupancy levels. It is accepted that a £10.00 fee is an easy amount of money to collect on the day but it is acknowledged that this should not prevent subsequent increases from being introduced in the future.

6.0 **RENT FREE HOLIDAY ENTITLEMENT 2015/16**

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 2016 there is not sufficient surplus income to give licensed traders a second rent free week in 2015/16.

7.0 **FINANCIAL CONSIDERATIONS**

7.1 If the proposed increases to the 2015/16 charges are accepted the target income from the general and flea markets will be £661,600, an increase of almost £20,000 more than the revised 2014/15 income estimate. These figures are modelled on the actual occupancy rates for this year.

7.2 The main items of expenditure on the markets are staffing costs, the payment of the refuse collection service and business rates. It is anticipated that if a 3% increase in rents is introduced on 1 April 2015 that the council will make a surplus of £118,137 in 2015/16 which represents a modest return on a valuable town centre asset.

7.3 It is forecast that the car boot operation will generate an income of £15,970 for the council in 2015/16.

7.4 It should be noted that if the outcomes of the feasibility study are implemented in 2015/16 this could lead to a temporary disruption to

income whilst the necessary work takes place. This has not been factored into the income targets in 2015/16 but will be once the business case for any identified investment has been agreed by members.

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	M	H	Ensure licensed traders have tangible benefits. Benchmark our activities and pricing structure against other local markets and car boot sales	L	L
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 above 3% could be introduced in line with the council's policy of seeking an above inflation increase in income, if sustainable. It is recognised that based on the response of the market traders at the consultative committee that this would not be sustainable and could have a detrimental impact on stall occupancy and income.
- 10.2 Alternatively the council could agree not to increase the rents from 1 April 2015. The council's budget strategy is, however, to deliver a balanced and sustainable budget. Given the forecast budget deficits it is important that all potential increases to income streams are implemented.

11.0 RECOMMENDATIONS

- 11.1 That an increase of 3% be introduced from 1 April 2015 on all stall rents on the general, flea and farmers' markets as set out in Appendix A.
- 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.
- 11.4 That all licensed market traders be given one week rent free in March 2016.

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 receives an acceptable return on a valuable town centre asset.

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

Officer recommendation supported.

Signed

Executive Member

A handwritten signature in cursive script that reads "A Surjeant". The signature is written in a light grey or blue ink.

Date: 12 January 2015

Fees and Charges – 3% increase

MONDAY & FRIDAY	RENT 14/15	LIGHT 14/15	PUB 14/15	TOTAL 14/15	RENT 15/16	LIGHT 15/16	PUB 15/16	TOTAL 15/16
12' Top & Bottom Row	17.90	1.50	0.20	19.60	18.50	1.50	0.20	20.20
10' Top & Bottom Row	16.80	1.50	0.20	18.50	17.30	1.50	0.20	19.00
8' Top & Bottom Row	15.70	1.50	0.20	17.40	16.20	1.50	0.20	17.90
12' End Row & Centre Aisle	15.70	1.50	0.20	17.40	16.20	1.50	0.20	17.90
8' End Row & Centre Aisle	12.40	1.50	0.20	14.10	12.80	1.50	0.20	14.50
12' Inside	11.20	1.50	0.20	12.90	11.50	1.50	0.20	13.20
8' Inside	7.80	1.50	0.20	9.50	8.00	1.50	0.20	9.70

THURSDAY								
12' Top & Bottom Row	25.70	1.50	0.20	27.40	26.50	1.50	0.20	28.20
10' Top & Bottom Row	23.30	1.50	0.20	25.00	24.00	1.50	0.20	25.70
8' Top & Bottom Row	20.40	1.50	0.20	22.10	21.00	1.50	0.20	22.70
12' End Row	25.50	1.50	0.20	27.20	26.30	1.50	0.20	28.00
8' End Row	20.30	1.50	0.20	22.00	20.90	1.50	0.20	22.60
12' Centre Aisle (Main Sq)	23.30	1.50	0.20	25.00	24.00	1.50	0.20	25.70
8' Centre Aisle (Main Sq)	19.00	1.50	0.20	20.70	19.60	1.50	0.20	21.30
12' Inside	19.80	1.50	0.20	21.50	20.40	1.50	0.20	22.10
8' Inside	14.90	1.50	0.20	16.60	15.40	1.50	0.20	17.10

SATURDAY								
12' Top & Bottom Row	28.60	1.50	0.20	30.30	29.50	1.50	0.20	31.20
10' Top & Bottom Row	24.60	1.50	0.20	26.30	25.40	1.50	0.20	27.10
8' Top & Bottom Row	20.30	1.50	0.20	22.00	20.90	1.50	0.20	22.60
12' End Row	28.50	1.50	0.20	30.20	29.40	1.50	0.20	31.10
8' End Row	20.00	1.50	0.20	21.70	20.60	1.50	0.20	22.30
12' Centre Aisle (Main Sq)	23.60	1.50	0.20	25.30	24.30	1.50	0.20	26.00
8' Centre Aisle (Main Sq)	17.30	1.50	0.20	19.00	17.80	1.50	0.20	19.50
12' Inside	19.00	1.50	0.20	20.70	19.60	1.50	0.20	21.30
8' Inside	13.50	1.50	0.20	15.20	13.90	1.50	0.20	15.60

Other Pitches (+ 20p Publicity Fee)	Mon/Fri 14/15	Thurs 14/15	Sat 14/15	Mon/Fri 15/16	Thurs 15/16	Sat 15/16
8' Central Pavement	33.80	33.80	44.50	34.80	34.80	45.90
16' Central Pavement	50.00	50.00	66.20	51.50	51.50	68.20
Burlington Street	21.00	21.00	26.40	21.60	21.60	27.20
+ electricity	1.50	1.50	1.50	1.50	1.50	1.50
Direct sales pitch	21.70	21.70	27.00	22.30	22.30	27.80
Demo pitch	15.40	15.40	15.40	15.90	15.90	15.90
Arena/Portland site	43.50	43.50	54.40	44.80	44.80	56.00
Fairground ride	28.00	28.00	28.00	28.90	28.90	28.90
Ice cream	21.20	21.20	21.20	21.90	21.90	21.90
Catering unit Market Place	35.00	35.00	35.00	36.00	36.00	36.00
+ electricity	1.50	1.50	1.50	1.50	1.50	1.50
Catering unit New Square	35.00	35.00	35.00	36.00	36.00	36.00
+ electricity	1.50	1.50	1.50	1.50	1.50	1.50
Storage per week	11.20			11.20		
Farmers' market	20.00			20.60		
Car boot	10.00			10.00		