

**Summary Sheet**

**Council Report**

Commissioner Meeting

**Title**

RMBC Market Fees and Charges Report - November 2015

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Karl Battersby

**Report Author(s)**

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EDS / Markets

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**Ward(s) Affected**

Ward 2 Boston Castle

**Executive Summary**

To consider the Fees and Charges Report - November 2015.

**Recommendations**

To approve the Appendix 1 recommendations.

**List of Appendices Included**

Appendix 1 - Market Service Fees and Charges proposals 2015/2016.

Appendix 2 - Market Hall Customer Footfall Jan 2012 – Oct 2015

Appendix 3 - Centenary Market Hall 20% rent reduction spreadsheet.

**Background Papers**

RMBC Emergency Planning Service provided the Town Centre protest dates.

Manchester Metropolitan University Markets Matter Study 2014/2015.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No.

**Title : RMBC Market Fees and Charges Report - November 2015**

## 1. Recommendations

**To approve the proposals for all Fees and Charges 2015/2016 as identified in Appendix 1 which in summary is based on:**

- a) A general rental freeze but increases to some service charges**
- b) A rent reduction for stalls 1- 5 (to ensure consistency with charges across the market complex)**
- c) A rejection of the request for a 6 month 20% reduction in fees (made by some market traders in September 2015)**

## 2. Background

- 2.1 The Rotherham Market Service reviews the Fees and Charges annually and provides a report containing recommendations for approval. In September 2014 it was agreed to freeze fees and charges (with effect from 1<sup>st</sup> March 2015) but with the condition that a mid-year review be undertaken. This report relates to that mid-year review. General fees & charges have not increased since 2013.
- 2.2 In recommending the appropriate fees and charges, consideration is given to:
- The overall budget position/ pressures within the Council
  - Performance of the markets (including occupancy levels, footfall, trader feedback)
  - Comparisons with charges at competing markets
  - Any increasing/ decreasing costs in terms of operating the markets
- 2.3 With savings to be made across the Council over the next three years there is a need to closely evaluate the contribution of Council assets to the budget.
- 2.4 The markets continue to welcome over 4m customers per year. The occupancy rate is currently 87% which is comparable to average occupancy rates in 2012 of 96% and 2015 of 83%. 3 new businesses have opened in 2015 and 2 businesses have been taken over by new owners in addition to the 5 new businesses that have joined the Tuesday Street market, demonstrating that there is still interest in the markets from new businesses.
- 2.5 An independent study produced for the National Association of British Market Authorities (NABMA) by Manchester Metropolitan University entitled Markets Matter reviewed footfall over 2014/2015 at eighty four markets within the UK. Rotherham's Tuesday Street Market was identified as the fourth highest customer footfall location of those surveyed demonstrating that the market continues to perform well in attracting shoppers.
- 2.6 However, it is accepted that the challenges facing the town centre are not insignificant and footfall across the wider town centre has been affected by events in the last 18 months.

The number of marches and demonstrations over a concentrated period has been cited by many retailers as one of the main issues affecting business in 2015.

- 2.7 It is clear that marches on a Saturday affect footfall on the day itself and anecdotal evidence indicates that dwell time for shoppers on other days of the week has also been affected, including at the markets which welcomes a multi-cultural shopper base.
- 2.8 These points were reiterated in a letter received and signed by 34 market traders. It noted the marches and demonstrations, added to ongoing economic slump and competition from out of town centres with free parking are affecting trade and that specific groups, including families and older members of the community are not visiting the town in the same numbers. In later discussions the request was quantified as a requirement for a 20% reduction in rent for a period of 6 months. Traders reported reductions in takings which they believe to be typical of businesses operating at the markets and believe a reduction in rents is required to ensure the sustainability of the businesses operating at the markets in the short –term.
- 2.9 Total footfall for the year to date in the markets complex (compared to the same period in 2014) has decreased by 6.5%. Town Centre protests during March – September 2015 are shown in yellow on Appendix 2 and confirm a customer footfall decrease of 2.3% – 3.3% within the Centenary Market Hall.
- 2.10 The value of the tenants request for a rent reduction, which only represents a part of the market covering the indoor market hall and Howard Street shops, would be £53,964.20 as shown in Appendix 3. This would increase to approximately £80k for the whole of the market, including other perimeter shops, the Guardian Centre and the Tuesday Street Market.
- 2.11 The Market Service continues to work to drive footfall and spend in the market itself and wider town centre; examples of work in 2015 include:
- a) Increasing the marketing & events activity considerably, including markets being a key part of campaigns (such as the Christmas campaign – i.e. gift guide)
  - b) Investing in design and consultancy in relation to the options for redeveloping the markets complex
  - c) Investment in new signage at the Drummond Street entrance to the markets
  - d) Investment in new outdoor market stalls and increased quantity to allow the Tuesday Street Market expansion
  - e) Continuing an extensive maintenance & cleansing schedule

- f) Introduction of rental incentives to encourage new traders to set up in the markets

2.12 A comparison with charges at neighbouring markets is set out below:

- 2.12.1 Rotherham Market Hall  
Indoor units £428.95 per month and 4.1m customers per annum.
- 2.12.2 Doncaster Market Hall  
Indoor units £433.33 per month - footfall data not collected.
- 2.12.3 Barnsley Market Hall  
Units offered on a tender basis (ranging from £300- £1,000) although stall size makes direct comparisons difficult. 3.5- 4m customers per annum.
- 2.12.4 Sheffield Market Hall  
£433.33 per month (representing a 50% discount offered when the market relocated and currently due for renewal) 3m customers per annum.

2.13 In considering the ongoing running costs and investments required, the current trading conditions and comparable charges elsewhere it is recommended that rents are frozen for the remainder of 2015/ 16 and until September 2016 when a review will be undertaken. It is however recommended that various charges are increased as identified below along with the reasons for these suggested increases.

2.14 The Market Service running costs have increased in 2015 by approximately £22.5k to cover increased security, staffing and contractual costs. Various fees and charges have been identified to cover the increases as follows:-

- 2.14.1 Car Parking - This service includes the increased security services, CCTV and loading/unloading adjacent to the businesses. The daily rate £1.07 per day represents a competitive car parking tariff within the Town Centre. The proposal to increase the charges to £1.42 per day will bring an additional income of £6,784.00.
- 2.14.2 Electrical Charges- Storeroom and lighting charges have increased therefore the proposal from £8.75 to £10.00 per quarter will address the increase in operational costs.
- 2.14.3 Concession Management Pitch -These charges are not in line with other Local Authority Market Services and Rotherham Market Service continues to undercharge national companies such as Talk Talk, Sky and Virgin Media by at least £25 per day per pitch. The increase from £40.00 per day/per pitch to £65.00 will bring an additional income of £17K based on current figures.
- 2.14.4 Rival Market Licence Fees - The current licence fees are £100/£200/£250 per applicant and £20 per charity. Increasing the

current fees to £125/£225/£275 will bring an additional income of £1k. It is proposed that charity licence fees remain frozen.

- 2.14.5 Other smaller increases to address the running costs are set out within appendix 1
- 2.15 Stalls 1 – 5 have previously incurred higher charges, it is proposed to bring these to the level of other stalls in order to ensure consistency with fees and charges across the whole service. Previously this area had been subject to substantial higher footfall and the stalls remain at £90.30 more expensive per month than all other perimeter stalls within the Centenary Market Hall. The customer direction of travel and shopping habits have changed meaning that everyone benefits from similar footfall and therefore it is recommended that charges need to be adjusted in the tenants favour. The decreases have been accounted for within Appendix 1.

### **3. Key Issues**

- 3.1 The purpose of this report is to manage the Market Service budgets whilst continuing to support small independent businesses and the vitality of the markets and wider town centre. The key issues are:
- 3.1.1 whether a temporary reduction in rent can be justified
  - 3.1.2 whether a reduction in rent is affordable
  - 3.1.3 whether a reduction in rent it would deliver noticeable benefits in the vibrancy and vitality of the markets and the wider town centre

### **4. Options considered and recommended proposal**

- 4.1 Option 1  
To keep current fees and charges unchanged. Accounting for increased running costs, this would equate to a £14.8k pressure on the markets account.
- 4.2 Option 2  
To approve the 20% rent reduction requested by traders. This would equate to a total loss of income equating to £53,964.20 for the part service and approximately £80,000 for the whole service within the first six months.
- 4.3 Option 3  
To approve the fees and charges increases as set out in this report and as identified in Appendix 1. This would equate to additional income of £7.5k.
- 4.4 **It is recommended that Option 3 (above) is considered and approved.**

### **5. Consultation**

- 5.1 Consultation within EDS has taken place during September and October 2015. Formal communication has been received from Market Tenants

A survey to our Market Tenants generated 43 returns in August 2015 of which 88% reported "No Concerns". One tenant raised concerns about higher rent for the perimeter stalls

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 On receiving full approval within Option 1 the Market Service would implement the adjustments to the council's financial systems and notify the Market Service users. This would be resolved within one month and new rent charges introduced from 1<sup>st</sup> April 2016.

## **7. Financial and Procurement Implications**

- 7.1 There are financial implications dependent on the option being approved. The financial implications associated with each option are detailed in paragraph 4.1

## **8. Legal Implications**

- 8.1 No legal implications within this report. Under the terms of leases granted to tenants the council has the right to review fees and charges to market value annually. Increases are applicable from the 1<sup>st</sup> April each year

## **9. Human Resources Implications**

- 9.1 No Human Resources implications within this report.

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 No Children and Young People and Vulnerable Adults implications within this report.

## **11. Equalities and Human Rights Implications**

- 11.1 No Equalities and Human Rights implications within this report.

## **12. Implications for Partners and Other Directorates**

- 12.1 No Partners and Other Directorates implications within this report.

## **13. Risks and Mitigation**

- 13.1 There is a risk that if the recommendation is approved and the 20% reduction not offered to traders, this will affect their future at the markets. A loss of tenants has a financial implication and will reduce the overall appeal of the markets to shoppers. However Appendix 1 outlines the typical rental decrease to an individual trader as £85. It is not considered that this level of incentive for a six month period would meaningfully help a business improve its sustainability and trading performance and is unlikely to retain any vulnerable businesses. Attempts to drive footfall and spend are outlined in paragraph 2.1 and this level of activity will continue in 2016.

#### **14. Accountable Officer(s)**

14.1 Dean Thurlow, Markets Operations Manager

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:-

Director of Legal Services:-

Head of Procurement (if appropriate):-

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