

Summary Sheet

Council Report

Approval by Strategic Director Regeneration and Environment

Title: Rent Reductions for Rotherham Markets.

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

No

Strategic Director Approving Submission of the Report

Damien Wilson – Strategic Director, Regeneration & Environment.

Report Author(s)

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Ward(s) Affected

Boston Castle.

Executive Summary

The Cabinet Member and Officers have been meeting with traders from Rotherham Markets to identify ways in which the traders can be assisted, in what are currently very challenging trading conditions. A variety of suggestions were made, including a short-term reduction in rents.

This has been investigated further, and this report recommends a 10% reduction in rents for a 12 month period, funded by unallocated historic revenue grant funding that is available to fund the shortfall in rental income arising from this proposal.

Recommendations

- 1) That the rental for stalls and shop units in the Rotherham Markets Complex is reduced by 10% for a period of 12 months, starting 1st April 2018.
- 2) The Tuesday Street Market, the Thursday Asian Bazaar and Caprice in the Guardian Centre are not included in this reduction.
- 3) That Council Officers monitor and report back on the impact this reduction has on the Markets' trading position.

List of Appendices included

Appendix 1 – the cost to the Council for the various options on rent reductions.

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No.

Exempt from the Press and Public
N/A

Title (Main Report):

Rent Reductions for Rotherham Markets.

1. Recommendations

- 1.1 That the rental for stalls and shop units in the Rotherham Markets Complex is reduced by 10% for a period of 12 months, starting 1st April 2018.
- 1.2 The Tuesday Street Market, the Thursday Asian Bazaar and Caprice in the Guardian Centre are not included in this reduction.
- 1.3 That Council Officers monitor the impact this reduction has on the Markets' trading position.

2. Background

- 2.1 Rotherham, like many other town centres, is struggling to adapt to the changing nature of retail. Town centres are no longer primarily shopping destinations and need to revise their offer accordingly.
- 2.2 The Rotherham Town Centre Masterplan, approved in September 2017, sets out the future offer for the town centre, based around a leisure offer, including cinema, food & beverage, increased town centre living, a redeveloped market and a University Centre.
- 2.3 However, some of these developments will take the next 3-5 years to be delivered and there needs to be an agreed plan of action for how town centre businesses, including the markets, can be supported during this time.

3. Key Issues

- 3.1 Over recent years there has been a steady decline in the number of traders in most of the markets, with the exception of the Tuesday Street Market and the Asian Bazaar (held in the Outdoor Covered Market (OCM) every Thursday).
- 3.2 The table below sets out the numbers of stalls/traders lost from the various markets over the last 3 years.

Market/location	Stalls lost in last 3 years
OCM - Mon	11
OCM - Tue	6
OCM - Wed	15
OCM - Fri	17
OCM - Sat	10
Centenary Market Hall	15
Howard Street	3

- 3.3 In light of this situation, meetings have been set up between the Cabinet Member for Jobs and the Economy, Council Officers and the market traders, in order to discuss how the markets can be supported.
- 3.4 Two meetings have been held to date, on the 23rd January and 27th February. A number of issues and suggestions were raised at these meetings, which are listed below:-
- Rent reductions.
 - Free parking in Drummond Street adjacent to the markets.
 - Improved cleaning and maintenance.
 - Setting up a Market's Committee.
 - Repairs to the heating system.
 - Removal of pay phones to discourage anti-social and criminal behaviour.
 - Increased promotion of the markets as a shopping destination.
 - A programme of events to drive footfall in the markets. This will link with activity in both the town centre and at Clifton Park.
- 3.5 A number of these issues have already been actioned, with a programme of further works agreed. These works will be funded within existing budgetary provision.
- 3.6 It is proposed that the following markets/units will not receive rental reductions:-
- Tuesday Street market, which is currently close to capacity.
 - Asian Bazaar, which is run by an external operator and is also close to capacity.
 - Caprice, in the Guardian Centre, who already pay a reduced rent in return for giving up their security of tenure.
- 3.7 The impact of the rent reductions will be monitored by Officers. This will look at footfall in the markets; take up of stalls, level of closures, effect on income and level of arrears. Discussions will also be held with traders to ascertain their views on the effect of the reductions.

4. Options considered and recommended proposal

- 4.1 **Do nothing** – market traders are struggling in the current financial climate. With a number of stalls being lost over recent years, there is a risk that this situation will worsen without some sort of support for traders.
- 4.2 **Rental reductions for the stallholders for an agreed period of time** – The cost to the Council was calculated for a variety of reductions (10%, 20% and 30%), across a number of different timescales (3 months, 6 months and 12 months). The approximate costs to the Council of these various options are set out in Appendix 1.
- 4.3 The **preferred options** were identified as 20% for 6 months or 10% for 12 months, both of which will cost the Council the same amount in reduced income. It was agreed to ask traders which of the two options they preferred.

5. Consultation

- 5.1 Monthly meetings are being held with market traders to identify a range of actions to assist the markets complex. One of the suggestions put forward included a "short term reduction" in rents.
- 5.2 After calculating the potential cost to the Council of any reduction, it was proposed that a 20% reduction for 6 months or a 10% reduction for 12 months be applied. When given these two options at the meeting on the 27th February 2018, the traders **unanimously supported the 10% for 12 months option.**
- 5.3 The Cabinet Member for Jobs and the Economy has agreed to support the rent reduction.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The decision on approving the reduction in rents lies with the Strategic Director for Regeneration and Environment. The aim is to have the reductions agreed and in place from the 1st April 2018.
- 6.2 Officers will monitor the impact of the rent reduction and report back on this to the Cabinet Member and Senior Officers.

7. Financial and Procurement Implications

- 7.1 As a result of the difficult trading conditions the Markets are currently experiencing a £113,000 income shortfall on the Centenary Markets. Overall, the Markets Service is reporting a £217,000 pressure against budget. This pressure is being mitigated by underspends in other areas of Regeneration and Environment, so that the Directorate overall is reporting a break-even position.
- 7.2 On the basis of the current occupancy, it is estimated that the proposed 10% rent reduction for a 12 month period will cost the Council £64,000 in lost rental income. It is proposed that this is funded by unallocated historic revenue grant funding. Clearly, it is impossible to quantify at this stage how this offer will impact on reducing the number of closures or attracting new traders to the Markets.
- 7.3 The 2018/19 budget approved by Council on the 28th February 2018, included a savings proposal, R and E 2a) to increase income/reduce costs in respect of the Markets service. For 2018/19 the value of this savings proposal is £50 and includes the creation of additional trading areas on the Tuesday street market and the creation of additional themed markets. The 10% reduction in rent for the markets complex will not affect the R and E 2a saving as the Tuesday street market and additional themed markets are not included in the reduction.

8. Legal Implications

8.1 This reduction could be effected by way of letter issued to all tenants making it clear that the leases are not being varied but the reduction is a temporary concession.

9. Human Resources Implications

9.1 There are no Human Resource implications to this paper.

10. Implications for Children and Young People and Vulnerable Adults

10.1 The Markets Complex has a recently updated safeguarding policy.

11 Equalities and Human Rights Implications

11.1 None

12. Implications for Partners and Other Directorates

12.1 None

13. Risks and Mitigation

13.1 **A rent reduction doesn't stop the loss of traders from the Markets.**

13.2 Mitigation – a rent reduction is one of a number of interventions agreed with the markets traders. Others include; major redevelopment as part of the Town Centre Masterplan, a series of events to attract footfall, provision of a seating area within the Rotherham Market Complex and an improved cleaning and maintenance programme.

13.3 **That traders do not pay the reduced rent.**

13.4 Mitigation – it will be a condition of any rent reduction that the monthly payment is made within 30 days of its due date or the reduction will be withdrawn for that trader.

14. Accountable Officer(s)

14.1 Simeon Leach – Policy & Partnerships Manager

Approvals Obtained from:-

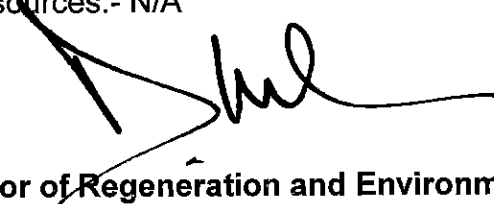
Finance and Customer Services -Jon Baggaley

Legal Services - Lesley Doyle

Head of Procurement (if appropriate):- N/A

Human Resources:- N/A

15. Signed by:



Strategic Director of Regeneration and Environment
27 March 2018