

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:-</b>	<b>Cabinet Member and Advisers for Business Growth and Regeneration</b>
2.	<b>Date:-</b>	<b>Monday 12<sup>th</sup> January 2015</b>
3.	<b>Title:-</b>	<b>Tuesday Street Market Expansion Ward 2 Boston Castle</b>
4.	<b>Directorate:-</b>	<b>Environment and Development Services</b>

### 5. Summary

Rotherham Markets are a vital ingredient in ensuring a differentiated shopping offer in the town centre; the Tuesday Street market in particular continues to drive footfall which is beneficial to the town centre as a whole. The RMBC Markets Service has undertaken consultation with current Tuesday traders and customers to establish the potential for extending the Tuesday Street Market from 62 to 95 stalls. This report sets out the business case for the proposed extension.

### 6. Recommendations

To note the considerations within the business case and potential additional income and to support the replacement of the existing stalls and the expansion of the Tuesday Street Market and specifically:

- The approval of the initial capital expenditure of £48,000 and proposed repayment arrangements in the subsequent financial years

To note the approval of the increased staffing costs required to service the additional stalls, estimated at £12k per annum.

### 7. Proposals and Details

Historically Tuesdays were one of the quietest footfall days in the town centre, the introduction of the street market provided a much needed boost and Tuesday is now consistently one of the busiest days of the week with retailers repeatedly highlighting the positive impact that the market has on both footfall and trade. Markets are clearly a unique selling point for the town and a key focus of our strategy to differentiate our offer from our competitors; the Tuesday market is the most visible of all the markets that operate and brings vibrancy and colour to the primary shopping streets.

We currently offer 62 trading areas within the Town Centre on Effingham Street, All Saints Square, Upper Millgate and Howard Street and this remains popular throughout.

The Tesco relocation has undoubtedly changed footfall patterns across the town centre: a key objective is to ensure the wider town centre benefits from the increased

footfall and widened customer base. Encouraging customers to make the trip across Drummond Street and to utilise the wider town centre retail offer is paramount – the extension of the market to Effingham Square is intended to attract customers and draw them from TESCO into the town centre retail area. Similarly the previous extension of the market into All Saints' Square (focussed on fresh produce) has positively impacted upon businesses trading in that area. In addition there is scope to further expand the number of stalls on both Upper Millgate and College Street to better link Corporation Street and High Street respectively and ensure maximum benefit to these areas on market days.

If approved the extended market could be introduced in April 2015 (to allow time for stall manufacture and delivery).

### **Current performance**

With regards to the current market, the records from 8<sup>th</sup> October 2011 – 11<sup>th</sup> October 2014 have returned an average attendance of:-

83% Regular traders  
5% Casual traders  
12% Empty or damaged gazebos

The income from 1<sup>st</sup> April 2011 – 31<sup>st</sup> March 2014 returned an improved growth of 24% returned since 2011/2012.

1/4/2011 – 31/3/2012	£55,895.
1/4/2012 – 31/3/2013	£62,090.
1/4/2013 – 31/3/2014	£69,677.

The current equipment has now perished or extended past their recommended life cycle and requires replacement within the short term if the market is to continue to operate at maximum capacity. Replacement of the stalls would give the markets an additional life-span of 5-7 years.

From the 1<sup>st</sup> October 2014, the Markets Service has compiled a trader waiting list and six additional stalls are required immediately with significant interest expected following advertisement of the new opportunities. In addition existing retailers and indoor market traders are also expected to take the opportunity to trade on-street as part of the market if the opportunity arises. The Market Service is confident that the additional stalls will be fully occupied within 3 months of being introduced.

### **Charging structure and stall allocation:**

To ensure fairness in allocating stalls to new and existing traders and to ensure that the most popular trading positions (most likely adjacent to the new TESCO store) are allocated to loyal and regular traders, a proportion of the new stalls in this location will be first offered to existing traders hoping to relocate. However, to ensure popularity of existing areas and peripheral stalls and to ensure continued variety it is intended to integrate new traders throughout the market and at the new extended locations and to retain existing traders in their current positions (including the food retail area focussed around All Saints' Square).

The Markets Service currently charges traders one of three pitch tariffs being:  
£10.00 (food stalls trading as part of the most recently extended area of the market located around All Saints' Square)  
£19.90 (for retailers trading on more than one day on the outdoor covered markets or for new casual traders)  
£33.75 (regular traders)

In some cases regular traders are paying the higher tariff rather than being recognised for loyal service and should ideally be charged a medium or smaller tariff than casual traders. As such a number of options are being worked up which will:

- Ensure regular traders are not penalised
- Provide attractive incentives to new retailers but ensure casual traders are charged in accordance with their limited responsibility and requirement to trade
- Reflect the footfall levels associated with different areas of the market (through a potential zoned pricing structure)

The full stall allocation and pricing structure will be presented at a future meeting of the Cabinet Member for Business Growth and Regeneration.

## **8. Finance**

The investment required is broken down as follows:

One off capital costs:

- £35k to replace all existing stalls and purchase of 33 new stalls.
- £8k to purchase a small trailer and suitable vehicle for transporting (plus associated servicing contract)
- £5k to purchase additional trestles and boards required for the stalls

These costs are based on undertaking RMBC's competitive tendering process.

Ongoing revenue costs of:

- £12k per year for employee and on-costs (that are essential to accommodate the setting up and dismantle of the increased number of stalls).

It is proposed that via the Public Loans Board, £48,000 will be borrowed over a 5 year period with total repayment estimated at £54,840 with an annual repayment figure of £11,880 in year one reducing to £10,056 in year 5. There is an option to repay early if achievable also.

Based on an initial options appraisal, the proposed additional income to be generated is estimated at between £25,000- £53,000 per annum depending on the pricing structure that is decided upon and is reflective of full occupation by month 3 of operation. As such there will be sufficient income from either scenario to cover the loan repayments and staffing costs. In the case of the higher estimation, this would also generate surplus income.

## 9. Risks and Uncertainties

There is a risk that the street market's popularity will not continue and all stalls will not be occupied. Recent case studies have reported why markets are declining which include:-

- High pitch charges
- Lack of marketing and promotion to customers and new traders
- Lack of awareness of the market
- Competition and oversubscribed commodities.

The following recommendations that would be implemented are:-

1. Sensible trading charges below the national average
2. Create a marketing and promotion campaign
3. Expand the marketing and promotion campaign to customers
4. Implement a balance of trade and cap commodity limits

The risks and uncertainties are therefore returned as low which is supported by the growth each year as identified in this report.

There is a short term risk that if investment is not made to replace the current stalls, the market will be reduced in size as market stalls become unusable. There is an additional risk that if the market is not expanded, the aim to draw shoppers using the new TESCO store into the wider town centre will not be realised.

## 10. Policy and Performance Agenda Implications

Regeneration of the Central Area, is a corporate priority for the Council and its ambition to create a vibrant place for people to live, work and visit.

The proposed activity will contribute to the following strategic priority of the Community Strategy:

*Develop Rotherham Town Centre as a destination providing a mixed economy of specialist and quality shops, markets, housing and cultural life for all ages, & establish a strategy to ensure local centres complement the offer in the town centre*

By expanding the market we aim to enhance the quality and diversity of the retail offer, increase foot flow in primary shopping streets and reduce vacancy rate in town centre premises.

This project *contributes towards the Economic Plan and in turn the Community Strategy* under Priority 5 – “Achieve Rotherham Town Renaissance” since the development of the retail sector and the markets which help us differentiate our offer

(and thus improvement of the town centre offer) is paramount to the creation of an overall vibrant town centre.

## **11. Background Papers and Consultation**

Consultation with:

Corporate Finance Team

Director of Planning and Regeneration

Existing traders

Town Centre Shoppers

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