

**Committee Name and Date of Committee Meeting**

Cabinet – 21 June 2021

**Report Title**

Markets Fees and Charges 2020/21 and 2021/22

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

Yes

**Strategic Director Approving Submission of the Report**

Paul Woodcock, Strategic Director of Regeneration and Environment

**Report Author(s)**

Tim O’Connell, Head of RiDO  
tim.o’connell@rotherham.gov.uk

**Ward(s) Affected**

Boston Castle

**Report Summary**

This paper proposes a concession on the payment of market rents during the period of Covid restrictions from 23/03/2020 to 17/05/2021.

**Recommendations**

1. In recognition of the challenges faced by Markets Traders a concession comprising a reduction of 50% of the rent due be applied for the period 4<sup>th</sup> July 2020 to 23<sup>rd</sup> October 2020.
2. For all other days between 23 March 2020 and 31st May 2021 it is recommended that no rent be charged.

**List of Appendices Included**

Appendix 1 - Climate Impact Assessment  
Appendix 2 - Part A Initial Equality Screening Assessment

**Background Papers**

There are no background papers

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

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## Markets Fees and Charges 2020/21 and 2021/22

### 1. Background

1.1 Business for traders in Rotherham Market has been heavily impacted by the Covid pandemic. From March to July 2020 trading largely ceased as part of lockdown restrictions on non-essential retailing. Between July and October, a much-limited level of activity returned before trading was once again restricted by the application of controls and further lockdowns.

1.2 The restrictions from the start of lockdown in March 2020 are summarised below

23/03/2020 – 03/07/2020 – lockdown 1 (103 days)  
04/07/2020 – 13/10/2020 – inter lockdown period (102 days)  
14/10/2020 – 23/10/2020 – Tier 2 (10 days)  
24/10/2020 – 04/11/2020 – Tier 3 (12 days)  
05/11/2020 – 01/12/2020 – lockdown 2 (27 days)  
02/12/2020 – 03/01/2021 – Tier 3 (33 days)  
04/01/2021 – 11/04/2021 – lockdown 3 (98 days)  
12/04/2021 - 16/05/2021 – lockdown restrictions eased (35 days)

Lockdown restrictions eased from 12 April 2021 with non-essential retail permitted to reopen and cafes and other hospitality venues permitted to serve customers seated at a table outside. A further easing of restrictions was introduced on 17<sup>th</sup> May 2021 including allowing indoor hospitality to reopen.

1.3 Market traders in Rotherham have been supported by national and local Covid business support schemes. The support included business rates relief, statutory business support grants, local discretionary support grants and protection from eviction under rent provisions for established leaseholders. The grants were designed with the intention of assisting traders to meet ongoing fixed cost commitments rather than compensating for loss of trade or income.

1.4 The total amount of grant support paid to regular stall holders in 2020-21 from all sources is £961,279. For clarity this does not include the value of business rates relief or any payments to businesses in shops forming part of the Council's commercial estate.

1.5 Demands for the payment of rent due from market traders have been put on hold over the past year reflecting the unique situation resulting from the pandemic.

1.6 There are different arrangements for businesses to trade within the market. Those occupying the shops and stalls have contractual commitments under a lease which includes an ongoing obligation to pay rent. If rent is not paid the Council has rights to seek to terminate the lease (subject to the Covid eviction protection arrangements described earlier) and to recover arrears.

1.7 Businesses on the outdoor covered and street markets pay for the days they trade. These businesses fall into two principal types: casuals and permanents.

Casual traders turn up on the day and are allocated a pitch that is available. Regular traders will generally prefer to operate as “permanent”. Permanent traders have the same pitch on the same day each week; the pitch is “reserved” for them and provided that trader continues to pay the rent it is agreed it will not be let to another trader. However, permanent status is not a long-term contractual commitment, if a previously permanent trader decides not to continue trading for any reason there is no ongoing obligation to pay rent for the rest of a contractual period. The trader simply stops trading and loses the permanent pitch allocation – the trader could continue to trade on the market as a casual (or reapply for permanent status later).

## **2. Key Issues**

- 2.1 The pandemic and associated restrictions over the last year have meant at times many businesses have been unable to trade and when trading has been possible it has been with significantly reduced footfall. Without detailed data from businesses trading in the market the scale of impact cannot be precisely quantified. However, it is clear from discussions with traders’ representatives and observations on the ground that sales will have fallen significantly.
- 2.2 Market traders have been able to access financial support. Extensive efforts have been made by both financial services and the market service team to ensure as many businesses as possible have received grant funding including actively chasing potentially eligible grant claimants to submit claims information and offering assistance with completing on-line forms.
- 2.3 Although the financial support described above was intended to assist businesses with fixed costs, many market traders have not been in a position to put the grants aside for this purpose and instead have used the funding to help mitigate income loss over the last year. There is concern within the market service that the recovery of backdated rent due will create serious cash pressure on many small traders leading to a spike in business closures that undermines recovery of the markets.
- 2.4 Agreeing a rent concession will be a cost to the council in lost income. Although the income in the form of rents received is due it is not clear that all the income could be recovered, and the use of debt recovery procedures may be required in some cases. The estimated cost of a rent concession is set out in section 6 of this report.

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

- 3.1 Option 1 - In recognition of the challenges faced by Markets Traders a concession comprising a reduction of 50% of the rent due be applied for the period 4<sup>th</sup> July 2020 to 23<sup>rd</sup> October 2020. For all other periods in financial year 2020/21 it is recommended that no rent be charged. It is further recommended that billing and charges be reinstated in full with effect from 1st June 2021. A typical annual Market Trader’s bill for FY 2020-21 is £4,223 and will remain frozen at this level for 2021-22. Under this option traders will get a bill that would include liability of 50% of the rent for 4<sup>th</sup> July to 13<sup>th</sup> October when traders were able to operate normally. Taking this into account the bill for 2020-

21 reduces to less than £600. There will be no liability for the period traders were unable to trade. Billing is proposed to restart from 1st June 2021 with only the one bill to be issued covering 2020/21 and 2021/22. As this is based on an average, average bills will be in the region of £4,107. The total being a normal year's typical rent. This gives traders a manageable start to the trading year and helps the service to remain incentivised to sign up new traders.

**This is the recommended option.**

- 3.2 Option 2 - no rent charge for the whole of 2020/21. This would maximise the support provided to market traders who would receive 100% relief on fixed rental costs plus cash grants. It does not reflect the fact that trading was possible (although at a reduced level) between the end of the first lockdown on 4<sup>th</sup> July 2020 and the re-introduction of tiered restrictions and further lockdowns from 23<sup>rd</sup> October.
- 3.3 Option 3 - Rents are charged in full backdated to 2020/21 with traders allowed to agree repayment plans over the following 12 months and simultaneously a 100% rent concession is agreed for the year ahead (2021/22). The total cost to the Council over the two year period would be approximately the same – traders would carry forward arrears but with the assurance of a years free trading ahead which would provide time to pay the arrears down. The advantage of this approach is that it provides maximum support to those businesses that commit to continue to trade in the market. The disadvantage is that any business that is unable to successfully reopen would be left with maximum debt from the previous year still in place. After consideration it was considered the recommended option was both simpler to apply and to communicate.
- 3.4 Option 4 – full rent is charged, and no discounts granted. This option is not recommended. It is considered this option is likely to create serious cash pressure on many small traders leading to a spike in business closures that undermines recovery of the markets and the Council's long-term revenue.

#### **4. Consultation on proposal**

- 4.1 The service has had regular contact from traders on this issue and requests for relief from the payment of rent.
- 4.2 Cabinet member for Jobs and the Local Economy and the Leader have been consulted on the options including the selection of the preferred option.

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

- 5.1 Following consideration of this matter it is proposed that the Head of RiDO writes to traders confirming the agreed arrangements for billing. New bills will be issued bringing accounts up to date and including the discount for 2021 by the end of July 2021.

#### **6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151**

## **Officer)**

- 6.1 Total budgeted income for the Markets Service in 2021-22 as a whole is £878,592. In 2019/20, the last year for which full figures are available actual income was £738,583. With the Covid pandemic disrupting regular trading patterns income fell to £188,068.
- 6.2 The total cost to the council from implementing the recommended option for traders is £471,210 in 2020-21 and £120,024 in 2021-22 which equates to a total of £591,234. The resulting cost pressure for 2020-21 has been provided for within the Council's financial outturn for 2020/21. The cost for 2021-22 will result in a pressure being an under recovery of budgeted income in year for which provision is also planned.
- 6.3 There are no procurement implications arising from this report.
- 7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)**
- 7.1 While the leases secure the full payment of rent, there is nothing to stop a landlord from unilaterally granting a rental concession as outlined by the recommended option 1. Furthermore, it is likely that, if the council were to seek full rental payment, it would result in higher defaults, disordered termination of leases and overall increased costs of administration. Accordingly, the analysis leading to the recommended option is considered correct.
- 7.2 Other than as outlined above, there are no substantive legal issues arising from the contents of the report.
- 8. Human Resources Advice and Implications**
- 8.1 There are no direct human resources implications
- 9. Implications for Children and Young People and Vulnerable Adults**
- 9.1 There are no direct implications for children and young people and vulnerable adults
- 10. Equalities and Human Rights Advice and Implications**
- 10.1 There are no equalities and human rights implications arising from this report
- 11. Implications for CO<sub>2</sub> Emissions and Climate Change**
- 11.1 This report is a decision to consider a retrospective rent concession aimed at retaining existing traders and occupancy in Rotherham markets, therefore there will be no impact to the Council's or area-wide emissions, or otherwise effect progress towards these goals as a result of this report.
- 11.2 The recommendations/proposals of this report will not increase emissions, reduce emissions, or have a significant impact as this report is a decision to

consider a retrospective rent concession aimed at retaining existing traders and occupancy in Rotherham markets.

## 12. Implications for Partners

12.1 There are no direct implications for partners or their services.

## 13. Risks and Mitigation

13.1 Market traders in Rotherham have been through a very difficult period of restricted trading which is likely to have reduced incomes. As a result, some traders may find it difficult to pay any element of rent due even with the heavily discounted concession recommended. Mitigations for this risk are to allow the Markets Service in consultation with Financial Services to agree Rent Account Arrears repayment options of between 3, 6 or 12 months according to individual circumstances.

## 14. Accountable Officers

Tim O'Connell, Head of Rotherham Investment and Development Office  
Richard Young, Head of Finance, Regeneration and Environment

Approvals obtained on behalf of Statutory Officers:-

|  | <b>Named Officer</b> | <b>Date</b> |
|--|----------------------|-------------|
| Chief Executive  | Sharon Kemp          | 07/06/21    |
| Strategic Director of Finance & Customer Services<br>(S.151 Officer) | Judith Badger        | 03/06/21    |
| Head of Legal Services<br>(Monitoring Officer)                       | Stuart Fletcher      | 02/06/21    |

*Report Author: Tim O'Connell, Head of RiDO*  
*tim.o'connell@rotherham.gov.uk*

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