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Report of: *Laraine Manley*

Report to: *Mary Lea, Cabinet Member for Culture, Parks and Leisure*

Date of Decision: *19th March 2019*

Subject: *Moor Market & Outdoor Market - Fees revisions*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000		<input type="checkbox"/>		
- Affects 2 or more Wards		<input type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? Cabinet Member for Culture, Parks and Leisure				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 416				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

To reduce the current rent discount applied to traders at the Moor Indoor Market by 10% which will generate an estimated £30,000 per year at current occupancy level of 82%.

To increase rents on the Moor Outdoor Market to generate an additional £10,000 per year.

Recommendations:

To agree the proposal to reduce the current rent discount applied to traders at the Moor Indoor Market by 10% and to increase the rents for the Moor Outdoor Market by 10%

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: David Sellars
		Equalities: Annemarie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Mary Lea</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Richard Eyre</i>	Job Title: <i>Head of City Centre, Major Events and Markets</i>
	Date: <i>15th March 2019</i>	

1. PROPOSAL

- 1.1 Within the Council, the services provided by the Place portfolio are wide-ranging with a daily and citywide impact on the lives of most people and businesses in Sheffield. This includes a number of statutory obligations for managing and maintaining the development, safety, and

cleanliness of the city, as well as some discretionary activities that we choose to provide because of the benefits for the city. The income from fees and charges funds the provision of this range of statutory and discretionary services.

The Council incurs cost inflation like any other organisation. By keeping overheads as low as possible and providing services more efficiently, the Council strives to mitigate inflation. However, where the law and market conditions allow, the Council will recover cost increases through adjusting prices. These changes mean that we can continue to provide these services to the people of Sheffield without calling on the General Fund and reducing the scale of provision of other services.

For 2019/20, the Markets Service has an operating budget of £861,000 (i.e. cost to the city).

Moor Market

When the market opened in 2013 a decision was made to provide an initial rent free period to help the traders settle into their new home. Once this initial period had finished in 2014 traders were charged full rent. Trading conditions were lower than expected within the business plan so during 2014 an elected member decision was taken to offer a 50% discount to traders as long as they complied with certain conditions such as paying by direct debit, having an arrear free account or a payment plan in place that they complied with. The discount could be withdrawn if traders did not comply with this or if they broke the conditions of their agreements generally. The offer was put to traders following consultation by way of an offer letter which the traders could sign up to if they chose to. The offer has continued to be rolled out to new traders as and when they take up a unit. The offer did not affect the Council or traders rights and obligations under their tenancy agreement nor did it apply to service charges.

The discount has been critical to ensuring the market develops and to providing good trading conditions. The discount has been applied for the past four years whilst the Moor has gradually developed to be the key retail street of the city centre.

To reflect the vastly improved Moor retail and trading area it is proposed to reduce the discount by 10%. Work will continue to reduce costs particularly on the service charge.

Depending on the stall type (meat & fish, café etc.) the maximum cost effect will be £493 per year (£9.50 per week) and minimum will be £119 per year. This will generate an estimated £30,000 per year at current occupancy level of 82%. Traders have been informed in writing of these proposed changes with details of how the reduction in discount will affect them. These letters went out in January 2019.

Moor Outdoor Market

No increase to rents has been made to any outdoor market trader since

2014 to reflect the transition period on the Moor whilst it was redeveloped.

Now there is year on year increase in footfall and a much improved trading environment on the Moor it is therefore proposed to increase rents by 10%.

A 10% increase equates £2.50 per day and based on current occupancy will generate an additional £10,000 per year. Under the terms of the Licence agreement the Council as Licensor has an absolute discretion to from time to time to determine a new license fee as long as traders are given one months notice. The proposal to increase the rents was notified to traders in January 2019.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The small reduction in the discount to indoor traders and the increases in rent that outdoor traders pay on the two markets will contribute financially to the costs of running the markets to continue to ensure we use public money well and to help build a strong economy for the city centre. The markets have a healthy occupation rate (number of stalls in use) compared to other markets and are still seen as one of the best ways of starting a business. The small increase in rents will not have an impact on this.

As well as having a significant positive economic impact on the city (estimated around £19.5m GVA per annum) markets also have a huge social impact by providing places for people of all ages to connect.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Consultation has taken place with the Cabinet Member and Labour Group. Traders have also been informed of the proposed reduction to the rental discount and increases in the outdoor licence fees in January by letter.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Overall there are no significant differential, positive or negative, equalities impacts from the rents and discounts revision. Some Moor Market traders may have a negative reaction to this proposal. The revised rents and discounts have been developed to be a fair based on the Markets trading position and increasing footfall around the Moor. The revised rents will still make our rates comparable with other similar markets and will still appeal to start-up businesses as well as those that are already

established. Although there will be some negative reaction from some traders overall relations with our customers will remain strong.

4.2 Financial and Commercial Implications

- 4.2.1 Positive as it will reduce the level of support required from the General Fund freeing up more resource for other services which the Council provides.

4.3 Legal Implications

- 4.3.1 The rent discount scheme does not affect the terms and conditions of the tenancy agreements between the Council and traders and is without prejudice to the rights and obligations of either party.

New letters will need to be sent out to traders offering the revised discount and traders will need to sign up to this in order to access the revised discount scheme.

The outdoor market traders occupy under a license agreement with the Council that allows the Council to determine the Licence Fee in its absolute discretion on condition that it gives one months notice to the traders. Letters informing the traders of the proposed increases went out to the traders in January 2019.

4.4 Other Implications

- 4.4.1 None

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 To keep the rents at the same level
Whilst this would be attractive to traders its imperative that the service does all it can to reduce costs and increase income to contribute to the financial issues the city faces.

To reduce the rent discount further and to issue higher rent increases
Whilst this may have a short term positive effect it is felt that this would have a negative medium to long term impact and force some traders to leave the Moor Indoor Market , giving a low occupancy rate. It could also affect the take up of opportunities on the Outdoor Market.

6. REASONS FOR RECOMMENDATIONS

- 6.1 No increases in rents since 2014 and since its introduction in 2015 the amount of discount has remained unaltered which has had the desired effect of allowing the Indoor and Outdoor Markets to bed in to the new surroundings and trading conditions successfully . However, absorbing

the costs of inflation requires the Council to divert funds from other services dependant on the General Fund.

The discount for the Moor Indoor Market was given as a temporary support to help the traders transition to their new location during a time of reconstruction and regeneration of The Moor.

The regeneration of The Moor now 90% complete and the trading environment has vastly improved since 2014 and will continue to do so.

The success of the Moor and more particularly the Indoor and Outdoor markets means that the time is right and sustainable to introduce there changes.