

PART A - Initial Impact Assessment

Proposal Name: Review of Service Charge - Crystal Peaks and Moor Market Traders

EIA ID: 2144

EIA Author: Liam Pond

Proposal Outline: This EIA was initially developed to inform a proposal to review and increase service charges at Crystal Peaks Market. The EIA has now been reviewed and updated to consider a similar proposal for Moor Market. The broad assessment is the same for both markets in terms of potential impacts for traders and members of the public. (Subject to the policy committee's decision, any differences in service charge increases between the markets has not been factored in at this stage and would need more detailed analysis as appropriate). The EIA sets out a range of options regarding the recovery of service charge related to Crystal Peaks and Moor Market tenants. Increases in service charges have not been passed through to tenants since 2009 and market operating costs have risen significantly in recent years. This has created a significant under recovery between the charge tenants pay and the cost to the council. The desired outcome is to make the markets budget more sustainable while minimising the risk to traders of becoming unprofitable, and to minimise impact on cost being passed through to customers.

Proposal Type: Non-Budget

Year Of Proposal: 23/24

Lead Director for proposal: Richard Eyre

Service Area: Operational Services

EIA Start Date: 08/06/2023

Lead Equality Objective:

Equality Lead Officer: Ed Sexton

Decision Type

Committees: Policy Committees

- Waste & Street Scene

Portfolio

Primary Portfolio: Operational Services

EIA is cross portfolio: No

EIA is joint with another organisation: No

Overview of Impact

Overview Summery:

Any increase in recovery of service charge will affect the profitability of traders. As small business owners changes in profitability can put the overall business as risk of continuing. This could impact the business owners and any staff working for them. Part of a mitigation that is open to traders is to increase their prices to off set the additional costs. Markets are traditionally a low cost source of food and goods. Any increase in prices will potentially impact on some people who have with lower levels of income. The market is an important source of food and produce for older people, as promoting healthy eating of fresh produce and as a point of social cohesion and interaction. Any cost increases for traders, and passed onto customers, risks undermining these functions and exacerbating inequalities.

Impacted characteristics:

- Poverty & Financial Inclusion
- Age
- Partners
- Cohesion
- Health

Consultation and other engagement

Cumulative Impact

Does the proposal have a cumulative impact:

Yes

The Tenancy Agreement that market traders enter into identifies that they will pay the service charge they are attributable to. However our management team have consulted in person to all traders that were present and an all trader email was sent out to inform any traders that were missed in this process.

Impact areas:

Year on Year

Initial Sign-Off

Full impact assessment required:

Yes

Review Date:

08/12/2023

PART B - Full Impact Assessment

Staff Impacted: No

Customers Impacted: Yes

Description of Impact: Markets are traditionally a low cost source of food, including healthy and fresh produce. Any increase in fees and prices will potentially impact on some people who have with lower levels of income and risk impacting further on health inequalities.

Name of Lead Health Officer:

Comprehensive Assessment Being Completed: No

Public Health Lead signed off health impact(s):

Age

Staff Impacted: No

Customers Impacted: Yes

Description of Impact: Markets are traditionally a low cost source of food and goods. Older people are a significant part of the customer base, and families with young children children also rely on the market. Any increase in fees and prices will potentially impact on some people in different age groups.

Cohesion

Staff Impacted: No

Customers Impacted: Yes

Description of Impact: The market is, and aspires to be, a hub of social cohesion and interaction, promoting inclusion for population groups and smaller traders. Any increase in

fees and prices that affects its business risks affecting this aspect of equality.

Partners

Staff Impacted:

No

Customers Impacted:

Yes

Description of Impact:

The market is an important location for smaller traders, including those for whom the high street may no longer be an affordable option from which to trade. Any increase in fees risks the viability of some traders. The assessment is that proposed increase should not have a significantly detrimental affect on traders and occupancy rates.

Poverty & Financial Inclusion

Staff Impacted:

No

Customers Impacted:

Yes

Description of Impact:

Any increase in recovery of service charge costs will affect the profitability of traders. As small business owners changes in profitability can put the overall business at risk of continuing. This could impact the business owners and any staff working for them. Part of a mitigation that is open to traders is to increase their prices to offset the additional costs. Markets are traditionally a low cost source of food and goods. Any increase in prices will potentially impact on some people who have with lower levels of income. The council need to raise the service charge charged to market traders in line with tenancy agreements, to offset escalating losses as operational costs of the markets increase, and the expectation is they will continue to do so. This would be the first overall increase since 2009. The recommended increase of 50% between the current service charges charged and actual operational cost will still be an ongoing loss to the council from the under-recovery. Following discussions at the monthly market traders forums, there is some awareness and expectation amongst traders that an increase would be due, in-line with

tenancy agreements. Discussions have highlighted that some of the traders believe they may struggle with the service charge increase. As mitigations, the council is proposing to (a) not immediately pursue full cost recovery, (b) give a reasonable period of time before implementing and changes and (c) stagger any future increases towards full cost recovery over a number of years It's highly likely that increases in costs would be passed onto customers in many cases A study in 2018 identified that market's customer demographic suggests that the majority of customers may be working age adults but that younger adults (including students) and retired people may also be impacted – the research doesn't cover socio-economic factors.

Action Plan & Supporting Evidence

Outline of action plan:

Monitoring of tenant vacancies, build up of debt and footfall in the market. Any fall across all three areas may indicate that the increase in service charge has been detrimental to the overall operation of the market and a different approach may be needed.

Action plan evidence:

Service Charge charged against actual operational costs. Footfall figures. Aged Debt figures

Changes made as a result of action plan:

Mitigation

Significant risk after mitigation measures: No

Outline of impact and risks:

Review Date

Review Date: 08/12/2023