

REPORT TO:	Cabinet		
DATE:	13 November 2019		
PORTFOLIO:	Cllr Paul Cox - Deputy Leader - Environmental Services		
REPORT AUTHOR:	Steve Riley – Executive Director (Environment)		
TITLE OF REPORT:	Accrington Markets – Review of Rents and Charges		
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. Purpose of Report

- 1.1 To consider offering a discount on rents at the Market Hall to certain traders in return for these traders agreeing to new leases and working practices which will help the Council reduce its ongoing operating costs.

2. Recommendations

- 2.1 That Cabinet approves the discount in rental charges for the indoor Market Hall set out in paragraphs 3.4 and 3.5 and subject to the conditions in paragraph 3.6 of this report with effect from 1st January 2020 for a period of 3 years; and
- 2.2 That Cabinet delegates authority to the Executive Director (Environment) in consultation with the Executive Director (Legal & Democratic Services) to agree the terms and conditions of the leases between the Council and each individual indoor Market Hall tenant and to sign the same on behalf of the Council; and
- 2.3 That in exceptional circumstances, authorisation be given to the Executive Director (Environment), following consultation with the Portfolio Holder responsible for the Markets and Leader of the Council, to negotiate and agree other or additional incentives with current market trader/s where the trader/s concerned is/are considered to contribute significantly to the appeal of all stall holders or footfall in the Market or otherwise brings significant added value to the Market as a whole; and
- 2.4 That Cabinet notes the discount in rents will reduce income levels for the final quarter of the financial year 2019/20 and it is unlikely any efficiency savings will offset this immediately as they will take time to implement and filter through.
- 2.5 That Cabinet delegates authority to the Executive Director (Environment) following consultation with Portfolio Holder responsible for the Markets to periodically review and amend the Council's Market Regulations as they shall consider expedient.

3. Reasons for Recommendations and Background

- 3.1 Trading conditions on the high street continue to face unprecedented pressures from reduced footfall, on-line shopping and out of town centre retail centres/supermarkets. The indoor Market Hall has not been immune from these pressures, as shown by a number of traders recently leaving and current occupancy levels are at 55%.
- 3.2 On 22 September 2017, the Council's Estates Manager produced a Valuation Report recommending charges per square foot that could be used to determine the level of rents within Accrington Market. At its meeting on 29th August 2018, Cabinet agreed to a reduction in rents by 13.4%, and adjustments to service charges for the indoor Market Hall traders, phased in over a 12 month period from 1st October 2018 and gave authorisation to consider extended incentive terms/rates under exceptional circumstances for incoming indoor tenants that would provide significant added value to all stall holders. At that time, Cabinet was not asked to consider extended incentives terms/rates to current indoor tenants that would also continue to provide significant added value but it is now recognised this was an oversight.
- 3.3 The indoor Market Hall traders, whilst acknowledging the 13.4% reduction, continued to make representations to Officers, the Portfolio Holder responsible for Markets and other Councillors, that the rents are too high compared to those being offered for other buildings around the town centre. A number of tenants that left to set up trading elsewhere cited high rents as the main factor and provided an example to the Portfolio Holder. A discount in rents could place the Markets in a stronger position to retain existing tenants and attract new traders, as well as an incentive for some outside traders to move into the indoor Market Hall.
- 3.4 The proposal sets out a 30% discount in rental charges within the indoor Market Hall, which would reduce the current £19 sq. ft. charge to £13.30 sq. ft. There is no proposal to make any further adjustments to service charges and the following traders will not benefit from any discount in their rental charges.
- Indoor Balcony traders – Current average weekly rent £35
 - Peel Street shops – Current average charge £19.44 sq. ft.
 - Pavilion Kiosks – Current average charge £18.52 sq. ft.
- 3.5 The 30% discount would see the monthly rental charge for an average indoor Market Hall stall reduce from around £577 + VAT to around £405 + VAT. This is a decrease of £172 per month or £43 per week and would reduce rental income to the Council by approximately £54,000 per annum. Whilst this will place additional financial pressures on the Market's current overspend forecast for 2019/20, for 2020/21 and beyond, most of this discount could be offset by the expected savings proposal.
- 3.6 The discount offered to indoor Market Hall tenants is conditional that they sign a new 3 year lease and make all monthly rent or other payments via Direct Debit, (DD) and adhere to the Council's Market Regulations. Where a current indoor market trader is in arrears, no discount will be applied to the arrears and this must still be cleared within the previously agreed timescales. The 30% discount will only commence once the new

3 year lease has been signed by the tenant and the tenant has provided proof the DD mandate is in place.

- 3.7 Any tenant not agreeing to these conditions will remain on the £19 sq. ft. rental charge.
- 3.8 A review of the market staffing structure is currently underway and should be implemented before the end of the financial year. If approved and implemented, the proposals could have the potential to offer savings in the region of £50,000 per annum.

4. Alternative Options considered and Reasons for Rejection

- 4.1 The Council could leave the rents at the current level. This has been rejected because there is a political wish to see the Market Hall occupied and operating a range of traditional market stalls and no desire for lower occupancy levels.
- 4.2 The Council could consider discounting a different rate. Property owners/landlords are offering substantially lower rents or 12 month free rent / service charges for comparable trading premises. Whilst the Council is not in a position to match long period rent free, there is a political wish to see the full efficiency savings offered up as the discount.

5. Consultations

- 5.1 The Portfolio Holder, Executive Director (Environment) and the Markets Manager have held meetings with the indoor traders in July and September 2019. The strong views made at both meetings were the indoor Market Hall rental charges needed to be substantially reduced.
- 5.2 Legal Services.

6. Implications

Financial implications (including any future financial commitments for the Council)	Market income continues to show a downward trend with a current shortfall against the historic budget income level in the region of £180,000. The proposed 30% discount in rents within this report would reduce income further by approximately £54,000 per annum. However, the staffing review could have the potential to offer savings in the region of £50,000 per annum. Whilst not matching the whole figure, it could offset most the cost of the rents discount.
Legal and human rights implications	The majority of traders are holding over on their occupancy leases and therefore the Council will be requiring traders to sign up to new leases, approved by Legal Services staff

	and sign up to all payments by DD to access the new charges proposed within this report.
Assessment of risk	This further discount attempts to bring the indoor Market Hall charges closer to comparable town centre rental charges. The risk from the decision is that the discount does not make any difference to the long term performance of the Market Hall, that the deficit continues to grow and the discount adds further pressures to the Council's financial budget.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	N/A

**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 Cabinet report 29 August 2018: Accrington Market – Review of Charges
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2368&Ver=4>

Cabinet Report of the 14th of February 2018: - Market Hall Rents and Charges Review
<https://democracy.hyndburnbc.gov.uk/ieListDocuments.aspx?CId=133&MId=2192&Ver=4>