



**REPORTS FOR DECISION BY THE
CABINET MEMBER FOR LEISURE AND CULTURE**

Date Issued: 27 January 2011

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K = Key Decision

A Record of Decision will be issued following the conclusion of 5 clear working days from the date of issue of the Report

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Agenda Item 1

THE MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR LEISURE & CULTURE

REPORT OF THE ASSISTANT DIRECTOR OF ENVIRONMENT & REGULATORY SERVICES

Report prepared by:

Tim Jefferson – Environmental Facilities
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27 January 2011

1. **REVIEW OF FEES & CHARGES FOR MAIDSTONE MARKET AT LOCKMEADOW 2011/12**
- 1.1 Issue for Decision
- 1.1.1 To set the level of fees and charges for services within the remit of the Cabinet Member for Leisure & Culture at the Maidstone Market for 2011/12.
- 1.2 Recommendation of the Assistant Director of Environment & Regulatory Services
- 1.2.1 It is recommended that the Cabinet Member for Leisure and Culture:
 - i) agrees the Fees and Charges as attached at **Appendix A** for implementation from 1 April 2011;
 - ii) agrees that the revised car parking charges as contained in **Appendix A** are implemented as soon as practicable in 2011 following the due process;
 - iii) agrees to the 'non market' days over the Christmas/New year period as contained in the report.
- 1.3 Reasons for Recommendation
- 1.3.1 It is now council policy to review fees and charges annually in line with the Corporate Fees and Charges Policy. Previously the review was more inclined towards ensuring the level of income generally kept pace with inflation. However, the review should now also consider:
 - current performance;
 - whether the service being provided is a subsidised service;
 - the impact of the fees and charges on delivery of the council's Corporate Plan;
 - the impact on the Medium Term Financial Strategy;
 - outcomes from customer surveys;
 - the financial impact of the proposed charges on users.

- 1.3.2 Another consideration from the above approach is to ensure that there is an understanding for market tolerance to fee levels and any proposed increases so as to maintain and encourage new business. Reference to the above considerations is contained throughout the report.
- 1.3.3 The charges for the car parking at the Market are set in accordance with Clause 11 of the Management Agreement between the Council and MWB/X Leisure (as Head Lessee). This provides that the car park will operate on a short stay basis in accordance with the council's charges for pay and display off street car parking across the Borough, as revised from time to time, or such other tariffs as may be jointly negotiated between X Leisure and the Council with a view to discouraging long term and commuter parking. The last review of charges for the car parking at the market was in 2008-09 and since that time similar other Borough car park charges have changed so there is a need now to adjust the charges.
- 1.3.4 In accordance with the agreement X Leisure has accepted a 10p increase to the *up to 1 hour* charge and also the *1 to 4 hour* charge, with the *over 4 hour* charge remaining at £4.60. The *over 4 hour* charge at the market is already higher than the corresponding charge for the adjacent Barker Road car park by 10p.
- 1.3.5 The proposed changes should enable the market budget for car parking to achieve its projected income for 2011/12. It is recommended that the new charges are implemented as soon as practicable in 2011 following the due process in readiness for 2011/12.
- 1.3.6 A further important operational consideration during the next financial year is that the Tuesday markets following both Christmas Day and New Year's Day will not allow several of the traders to source stock for their stalls. It is therefore recommended that both of these days are considered as 'non market' days.

1.4 Trading Performance

- 1.4.1 The headline position at present is that overall the market service continues to make a surplus. However, the income from the market trader activity is an area for concern with the on going trend of reducing trader numbers and this will result in an underperformance against profiled income targets for this part of the service.
- 1.4.2 The average no. of traders attending the market currently is:
- Saturday = 17 (20 at the same period in 2009/10)
Tuesday = 45 (47 at the same period in 2009/10)
- 1.4.3 The Tuesday Market has continued to show the historic declining trend line to that of recent years and this situation is generally reflected across the region, and nationally. The loss of the

Tuesday market's largest stall holder since June will result in a direct loss of approximately £8,000 p.a. and although the Market Manager has attracted some new traders to compensate this has been negated by the loss of others and the down sizing of pitch size by others. Incentives to attract new traders are used in the attempt to establish a new offer and regular visits to neighbouring markets to canvass interest and support is being maintained.

- 1.4.4 The average no. of Boot Fair traders currently = 20
The average no. of Boot Fair traders to date in 2009/10 = 17

Boot Fair interest has continued to develop and is now a regular activity on the site each Saturday. If the hall is not hired out to a third party then the Boot Fair is held in the hall. When the hall is booked then the Boot Fair moves into the Undercroft adjacent to the main Saturday market. An initiative to arrange monthly Boot Fairs on the Town Square on a Sunday during the Winter months is being investigated at present.

- 1.4.5 The no. of hall bookings currently achieved = 67
The no. of hall bookings to date in 2009/10 = 68

The market hall is the only area that has managed to maintain and to improve its income stream. Bookings have provisionally been received for as far ahead as 2015. The bookings continue to show a range of varying activities, i.e. dog shows; cat shows; bird cage competitions; archery practise; tool sales; toy sales; ancestry fairs ; antique fairs and dog agility competitions etc. The reptile show bookings this year were cancelled by the hirer due to their inability to satisfy the legal requirements for 'no sale' of the exhibits. . The other main income generators are the weekly auctions that occupy the hall for 2 days/week and these appear to be sustainable.

- 1.4.6 The majority of hall hires at the weekend (Sunday) come from the dog show events and these have not been excluded from the recent economic conditions and some bookings have been cancelled. Investigations in to hall hire charges in Kent show that Maidstone is still reasonably priced and it is therefore recommended that the external hire fee is increased, but that the charge made to the current regular hirers remains as at present. This differential charge aligns the regular hirers with the approach taken to the regular market traders on the site.

Appendix A shows the current level of charges and the proposed charges for 2011/12.

- 1.4.7 To summarise, the expected year end position at present shows an estimated shortfall in market trading income of £32,350 and savings of £6,710 in expenditure. Officers will continue to identify opportunities to mitigate this overall shortfall position of £25,640 and will continue to provide updated information to the Cabinet Member.

- 1.5 Service Subsidy

- 1.5.1 The table below shows the original budget for the Market cost centre and confirms that this cost centre is continuing to generate a contribution to the corporate budget.

MARKET SERVICE	Budget	Year-end	Variance
Controlled running cost	250,770	244,060	-6,710
Controlled Income	-692,250	-659,900	32,350
Rechargeable costs	313,600	313,600	0
TOTALS	-127,880	-102,240	25,640

- 1.5.2 A further more detailed analysis of the various trading elements of the service: car parking; markets; rents; and income from X Leisure etc has been completed to forecast the longer term profitability of the service. This analysis suggests that the direct market related activities consisting of the Tuesday and Saturday markets; hall hire and rents will continue to operate at a profit in 2011/12, but that during 2012/13 these elements of the service may have to be subsidised.

- 1.5.3 Consequently, a more detailed review of the service is being undertaken to consider options for the future. This review will consider short term initiatives to improve the trading performance, but will also consider the facility as a council asset and its best use in the future. Outcomes from the review will be reported to Cabinet.

1.6 Impact on the Corporate Plan

- 1.6.1 The council's vision for Maidstone is delivered in conjunction with the Strategic Plan and embraces the Sustainable Community Strategy where there are five priority themes.

- 1.6.2 Of these priorities the Market service can be considered to support making Maidstone:

'a place to achieve, prosper and thrive' - although future significant development of the service is not on the council's agenda at present, it does provide employment and trading opportunities.

'a place to live and enjoy' - the Market was first given chartered status in the thirteenth century and as the county town it has provided a market since that date in some form or other. The recent surveys confirm that this service satisfies a part of the community and that they believe the service is still important to the town. It does give choice as well as a social environment for its users.

'a place with efficient and effective services' - previously the council has stated that it would continue to provide this service provided it was not a subsidised service.

1.7 Impact on the Medium Term Financial Strategy

1.7.1 The medium term financial strategy identifies income from fees and charges to be at an acceptable level in 2010/11. Future assumptions have been built upon slow growth predictions and allows for a zero percent increase in the targets for 2011/12, but an increase in later years of the strategy.

1.7.2 The report identifies a shortfall in the current year and at this stage officers will look to mitigate this situation, however if the issue remains it will need to be reported to Cabinet as part of future budget monitoring reports.

1.8 Customer surveys and research

1.8.1 Due to the prevailing difficult economic conditions affecting retailing and household spend this year’s review has again included making contact with several general market providers across England and especially with our near neighbours. The general consensus is that they are recommending minimal or no increase to the rents that they currently charge and it is therefore recommended that a similar approach is taken in Maidstone.

1.8.2 Most traders interviewed stated that business was not as good as last year. Competition from the high street through large multiples such as Matalan, Lidl, Netto, TK Maxx, Primark, Wilkinsons and ‘Pound Shops’ combined with the growth of online purchasing through Ebay, Amazon etc has had an impact on general markets everywhere.

1.8.3 During the year visits to markets in Dartford, Faversham, Sittingbourne, Strood and Sevenoaks have been made and both the operators and traders state they are finding the current climate increasingly difficult to trade in. Strood, with approximately 28 regular traders, seems the most stable at present primarily due to its location in the car park which overlooks the nearby Outlet Centre.

1.8.4 In addition to the above informal contacts and feedback a survey for both the Saturday and Tuesday market was completed in August/September. The surveys, whilst considered useful, can not be considered as statistically significant. The information provided was from canvassing customers using the service and information was obtained for the following key areas:

	TUESDAY MARKET			SATURDAY MARKET
	Gender			Gender
47%	male		59%	male
53%	female		41%	female
	Age			Age
1%	Under 21		3%	Under 21
19%	21 – 40 years		20%	21 – 40 years
32%	41 – 60 years		38%	41 – 60 years
48%	61 years or over		39%	61 years or over
	Frequency of visits			Frequency of visits

51%	weekly	69%	weekly
18%	fortnightly	9%	fortnightly
14%	monthly	8%	monthly
17%	rarely	14%	rarely
	Satisfaction		Satisfaction
58%	satisfied/very satisfied	58%	satisfied/very satisfied
17%	neither satisfied/dissatisfied	9%	neither satisfied/dissatisfied
25%	dissatisfied/very dissatisfied	33%	dissatisfied/very dissatisfied

1.8.5 In summary the data from the two markets shows:

- similar gender split for both days, though more males attend on Saturdays than on Tuesdays – *possibly to attend hall sales or the Boot Fair, or due to not working on a Saturday;*
- young people are not attending the markets; older age group dominating attendance (approx 80% over 41 years for both days) – *the markets are social events for the older age groups who are also more used to attending this weekly activity;*
- the frequency of visits suggests a loyal following from those surveyed - *again suggesting that the markets are a regular social type of activity;*
- the satisfaction rating is perhaps surprisingly high (approaching 60%) considering the change in the size (lower number of traders) and choice now available at the markets – *again suggesting there is a regular loyal following, however the high dissatisfaction rating must be noted also as this shows the market does not deliver what many visitors require.*

1.8.6 In addition to the above information details for address/postcodes of visitors was also recorded during the survey. This will now be used to identify common groupings using the Mosaic data analysis approach. Where it can be identified that certain categorised groups are over represented at the market, compared to their normal distribution within the Borough, it will suggest that these, and similar areas, are more likely to attend the service and will therefore assist with target marketing.

1.9 Financial Impact of the proposed charges on users

1.9.1 The proposed charges are likely to be well received by existing traders and hopefully can reduce the current trend of falling trader numbers.

1.9.2 An increase to the Deadstock hall hire charge for one of the regular auctioneers reflects the belief that this hirer has enjoyed considerable benefit from the time allotted from a historical base and it is the intention to redress this booking by modest annual increases until it is more in line with the current hall hire fees.

1.9.3 Where increases have been considered possible then research has given some sound basis for making such charges. This is especially true in the case of the hire charges for the Market Hall.

The increases are therefore expected to have a minimum impact on the hirers or their ability to pay the proposed fees.

1.10 Alternative Actions and why not Recommended

1.10.1 The alternative course of action for the Cabinet Member is to amend some or all of the proposed charges. However, caution must be exercised in seeking to increase the level of charges above those proposed by the service manager's recommendations as this may result in customer (trader) resistance and a lower level of income than is presently estimated.

1.10.2 Consideration for reducing the stall fees has not been recommended as it is felt that any such reductions would be small and would be unlikely to generate any significant number of new traders due to the prevailing economic conditions.

1.11 Impact on Corporate Objectives

1.11.1 In addition to the comments made earlier in the report by reviewing and charging of appropriate fees and charges will demonstrate that the council intends to be soundly financed and managed prudently taking into consideration the current financial climate. Similarly, the council will sustain and develop Maidstone's unique cultural identity and tradition by maintaining a Market service in the County town.

1.12 Risk Management

1.12.1 The main risk associated with any increase in charges for a public service is customer resistance which would lead to loss of traders or hirers in the case of the market. When considering the Market service the customer refers primarily to the traders that occupy the site. Retail trading conditions are extremely competitive and all local markets have seen significant reductions in trader numbers in recent years. The recommendation to freeze certain charges is considered to be sensible in the current climate.

1.12.2 The report comments that the direct market activities are estimated to require a subsidy during 2012/13 based on the current trends. There must be a risk associated with this trend accelerating and in turn de-stabilising the nucleus of market traders remaining. Such a situation could potentially turn the service quite quickly into a subsidised service, therefore a routine of weekly performance data collection/monitoring is in place to track this situation closely.

1.12.3 Similar to the above comment and risk there is a routine of income performance management from the other elements of the service to ensure the income profiles are being achieved. Any significant variance to the income profile will be reported to the cabinet member.

1.13 Other Implications

Financial	<input checked="" type="checkbox"/>
Staffing	<input type="checkbox"/>
Legal	<input type="checkbox"/>
Social Inclusion	<input type="checkbox"/>
Environmental / sustainable development	<input type="checkbox"/>
Community Safety	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Procurement	<input type="checkbox"/>
Asset management	<input type="checkbox"/>

1.13.1 The Financial Implications of the proposed fees and charges, and the estimated year end out turns, are contained within the report and the attached Appendix.

1.14 Background Documents
Market surveys – Sept/October 2010

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes X No

If yes, when did it appear in the Forward Plan? November 2009

Is this an Urgent Key Decision? Yes No X

Reason for Urgency - Not applicable

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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MARKET FEES & CHARGES 2011/12		APPENDIX A
		COMMENTS
* includes VAT at prevailing rate		
On going increase to reflect period of use		
All pitch fees include £1 towards Trader's Advertising		
Tue 27/12/11 to be declared a non market day Tue 03/01/12 to be declared a non market day		
Increase for new and renewing leases Current lease expires 26/08/2011		
Estimated £71,610 for Penalty Charge Notices is not included in the est. car park income Revised car parking fees to apply as soon as practicable in 2011 following the due process		
Regular hire - twice per month Casual hire - once per month		
Market Manager to consider the commercial viability when confirming these charges to secure the booking Charge pro rata		

	2010/11 Current Charge 1 Jan - 31-Dec	2010/11 Current Charge 1 Jan - 31-Mar	2010/11 Probable Estimate	2011/12 Proposed Charge 1 April - 31-Dec	2011/12 Proposed Charge 1 Jan - 31-Mar	2011/12 % Increase 1 April - 31-Dec	2011/12 % Increase 1 Jan - 31-Mar	2011/12 Increased Income	2011/12 Next Year Estimate
Deadstock Sales	£ 375	£ 375	£ 4,360	£ 385	£ 385	2.7%	2.7%	£ 116	£ 4,476
Mon, Tue & Fri charge per month		* £ 375	£ 4,360	£ 385	£ 385	*			
Tuesday & Saturday Market Pitches			£ 96,000					£ 96,000	
Open Market			£ 139,540						
Casual Rate (Min 10 feet)	£ 32.00	£ 32.00		£ 32.00	£ 32.00				
Regular Rate Market Square									
Up to 10 feet	£ 24.25	£ 17.00		£ 24.25	£ 17.00				
Undercroft Rate	£ 25.25	£ 18.00		£ 25.25	£ 18.00				
Per each additional 5 feet or part	£ 11.35	£ 7.65		£ 11.35	£ 7.65				
Saturday Rate for 2 day Traders									
Up to 10 feet (2 day Trader)	£ 23.20	£ 15.65		£ 23.20	£ 15.65				
Per each additional 5 feet or part	£ 10.80	£ 7.65		£ 10.80	£ 7.65				
2nd Hand Dealers - Saturday only	£ 16.00	£ 16.00		£ 16.00	£ 16.00				
Boot Fair									
10' - 1 table space	£ 13.50	£ 13.50		£ 13.50	£ 13.50				
20' - 2 table spaces	£ 24.75	£ 24.75		£ 24.75	£ 24.75				
30' - 3 table spaces	£ 33.00	£ 33.00		£ 33.00	£ 33.00				
Stores & Creche			£ 5,970	£ 780	£ 780			£ 5,970	
Stores charge per annum	£ 780	£ 780	£ 5,970	£ 780	£ 780				
Creche charge per annum	£ 2,600	£ 2,600		£ 2,600	£ 2,600				
Car Parking Charges			£ 240,270	£ 240,270				£ 240,270	
1 Hour	£ 0.70	£ 0.70	*	£ 0.80	£ 0.80	14.3%	14.3%		
1 - 4 hours	£ 1.50	£ 1.50	*	£ 1.60	£ 1.60	6.7%	6.7%		
Over 4 hours	£ 4.60	£ 4.60	*	£ 4.60	£ 4.60	0.0%	0.0%		
Hire of Agricultural Hall			£ 65,010	£ 65,010				£ 65,760	
Standard Hire - per day - regular hire	£ 365	£ 365		£ 365	£ 365				
Standard Hire - per day - casual hire	£ 450	£ 450		£ 475	£ 475	5.6%	5.6%	£ 750	
Local Community & U16 Events									
Per Day	£ 110	£ 110		£ 110	£ 110				
Per hour - minimum 3 hours	£ 16.50	£ 16.50		£ 16.50	£ 16.50				
Commercial Hire									
Per half day (maximum 8 hours)	£ 495	£ 495		£ 520	£ 520	5.1%	5.1%		
Per day (over 8 hours)	£ 945	£ 945		£ 995	£ 995	5.3%	5.3%		
Hire of chairs for events - per 100	£ 46	£ 46		£ 46	£ 46				
Totals			£ 455,150	£ 411,610				£ 866	£ 412,476