

REPORT TO CABINET

17 October 2018

Subject:	Indoor Market West Bromwich Temporary Reduction of Stall Fees – Extension of Period
Presenting Cabinet Member:	Councillor David Hosell – Cabinet Member for Highways and Environment
Director:	Director – Regeneration and Growth – Amy Harhoff
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC14/10/2018
Cabinet Member Approval and Date:	Councillor David Hosell
Director Approval:	Amy Harhoff
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Gerry Ritchie – Markets & Town Centres Group Manager gerry_ritchie@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Approve the extension of 25% reduction in stall rents for the indoor market, West Bromwich, until 31 January 2019 to encourage current market traders to continue to trade within the market until a business case and investment options plan is developed to inform a strategic decision of the future of the indoor market.

1 PURPOSE OF THE REPORT

- 1.1 The indoor market is currently trading profitably but has lost traders in recent years and this rate of loss has accelerated in the last twelve months. There are many factors that have contributed to the decline in trader numbers including changes in shopping habits, new retail developments close to the market and a facility that has had little investment in the physical infrastructure so the market is somewhat dated
- 1.2 Market traders have requested that the Council give rent relief to assist their business viability, which the Council has previously agreed to do as a short-term measure.
- 1.3 The Council commissioned a strategic review of the indoor market which concluded that the existing facility would benefit from investment, and that a business case should be explored to investigate potential options and partners to help redevelop the market and improve its commercial attractiveness. Cabinet members approved a new study to investigate, which is due to report in early 2019.
- 1.4 Whilst the investigative work is on-going market traders have requested some financial support by way of a reduction in market stall rents. This support was agreed as a temporary 25% reduction in stall fees by Cabinet on 27th September 2017 and then this was extended on 20th June 2018 by an Action on Matter of Urgency report. The current recommendation for extending this fee reduction is to allow the final investigatory work to conclude.

2 IMPLICATION FOR THE COUNCIL'S AMBITION

- 2.1 The Council ambition to create successful town centres will be directly supported by the preservation and development of a thriving indoor market

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The current Indoor Market in the Kings Square shopping centre was opened in 1973 and has been trading profitably returning a financial surplus since that date. It has served the Council and the shoppers of West Bromwich very well for over forty years. Whilst there has been some minor maintenance work, including electrical rewiring, new floor surfaces, painting and the creation of a new entrance, the building has remained substantially unchanged since it was opened. Although the market still has a loyal customer base and a good range of trade lines to attract customers the number of vacant stalls has been increasing in recent years and, therefore, the income to the Council from stall rents has been steadily declining.

- 3.2 The reason for the decline in the independent retail sector in recent years in the UK is well documented, and is the result of a change in the shopping habits and shopping channels that have been developed. In addition to national trends, there are specific issues contained within the indoor market. Whilst its location is good, the structure of the building is unattractive from an aesthetic point of view, not easily accessed due to minimal entrance areas and is oriented in such a way that a main source of customer flows is restricted due its layout. The design of the building is also planned on a format that does not easily lend itself to remodelling. Furthermore, the area within which the Indoor Market is located has not been improved and stands starkly in contrast to the significant investment at New Square shopping centre development. This adds to its perception as being old fashioned, time expired and unattractive.
- 3.3 In view of the issues identified in 3.1 and 3.2 the Council has commissioned expert reviews and opinion of the options for redeveloping the indoor market. The first review identified that there were options available for redevelopment and renewal of the indoor market. This led to the need for a further piece of work to explore a business case and potential investment models and partners that could deliver a reinvigorated and commercially sustainable market. This further piece of work is ongoing and is due to conclude in January 2019.
- 3.4 Whilst these investigatory studies and reviews have been undertaken market traders petitioned the Council for financial assistance to help them continue to trade in the indoor market until the Council decides on the future strategy of the market. The Council applied a 25% temporary reduction in market fees to provide this assistance. This fee reduction has arrested the decline in the number of traders occupying stalls in the market and has stabilised the current market occupancy rate.

4 THE CURRENT POSITION

- 4.1 A study to explore a business case and potential investment models and partners that could deliver a reinvigorated and commercially sustainable market is currently underway. This work is due to conclude in January 2019, when a report will be brought to cabinet to enable cabinet members to decide what, if any, investment choices should be made to redevelop the indoor market.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 Indoor Market traders have been consulted on issues and initiatives that could deliver short and medium-term improvements and they have provided lists and suggestions to be considered.

- 5.2 Market shoppers and other town centre users that do not use the market will be consulted to determine what would encourage them to spend more in the market.
- 5.3 A strategic review included consulting other Council market operators to explore and learn from similar facilities which had experienced similar problems.

6 ALTERNATIVE OPTIONS

- 6.1 A greater percentage of rent reduction for a greater time could be applied. However, this would have a significant detrimental effect upon the Council's budget elsewhere.
- 6.2 A lesser percentage of rent reduction for a shorter time could be applied. However, this may not be sufficient to enable some market traders to continue to trade and so could result in an acceleration of the loss of traders. This would further destabilise the market, cause a lack of confidence in the remaining traders and result in greater loss of income to the Council by way of lost stall rents.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 A 25% reduction in stall rents for the Indoor Market for a four-month period would result in a loss of gross income to the Council of up to £40,000 in the current financial year.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Food Act 1984 enables a local authority to fix its own charges for markets and these can be determined depending on a range of different circumstances. The local authority is entitled to charge a commercial rate if appropriate.
- 8.2 The Council reviews its fees and charges on an annual basis and usually makes any amendments to be effective from 1st April in each year. However, where circumstances change between annual review dates then mid-term amendments are made with Cabinet approval.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 The proposals have been assessed by the Markets Manager for any equality impact and have been found not to have any.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 The proposals have been assessed by the Markets Manager for any data protection implications and have been found not to have any.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 The proposals have been assessed by the Markets Manager for any crime and disorder implications and have been found not to have any.

12 SUSTAINABILITY OF PROPOSALS

12.1 The proposals would contribute to the economic sustainability of the indoor market which is undergoing economic challenges that has resulted in the loss of market traders from the market.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The proposals would contribute to the continuance of an indoor market which would support local employment and help maintain a source of affordable goods, services and fresh food supply for the community.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The indoor market is an asset that returns income by way of commercial trading activity. Consequently, supporting the continuance of this asset in its current form will maintain the asset value.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The current proposal seeks to maintain the Council's asset, support the economic wellbeing of small family businesses, support the availability of affordable supplies and services for the community, contribute to the vibrancy of West Bromwich town centre and afford the Council a significant opportunity to carry out a strategic review without suffering further losses of market traders whilst the review is being carried out.

16 **BACKGROUND PAPERS**

- 16.1 A petition submitted by market traders was heard on 24th August 2017 requesting reduction in market stall rents.
- 16.2 A report to cabinet on 27th September 2017 upheld a recommendation to apply a 25% reduction in stall fees.
- 16.3 An Action on Matter of Urgency report on 20th June 2018 extended the 25% reduction in stall fees until 30th September 2019.

17 **APPENDICES:**

None

Amy Harhoff
Director – Regeneration and Growth