



To: Executive Councillor for City Centre and Public Places (and Deputy Leader): Councillor Carina O'Reilly

Report by: Daniel Ritchie, CCM, Markets & Street Trading Development Manager

Relevant scrutiny committee: Community 17/3/2016 Services Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

**REPORT ON GENERAL & SUNDAY MARKET RE-CATEGORISATION OF PITCHES; ASSOCIATED TERMS OF TRADING AND 2016/17 RENT LEVELS.**

**Not a Key Decision**

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**1. Executive summary**

This report follows a LEAN<sup>1</sup> process review of the markets administrative procedures and the supporting financial reconciliation function as part of the Support Services Review. The recommendations are supported by the outcome of a benchmarking exercise to compare the offer of Cambridge markets with that of similar regional and national operators and will bring our charges up to parity.

**2. Recommendations**

The Executive Councillor is recommended to:

2.1 Adopt a dual premium/standard stall fee structure over all days to replace current multiple or flat rent structure.

2.2 Harmonise charges to bring Sunday rent in line with fees levied on Saturdays.

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<sup>1</sup>LEAN is a philosophy that aims to eliminate waste in business processes by removing any element that fails to add value to the consumer.

2.3 Adopt a £7 per pitch premium for traders licenced to sell hot food.

2.4 Adopt a £5 per pitch premium for traders operating on days not licenced.

2.5 Agree a 4% rebate to all traders that pay by direct debit and are trading at financial year end.

2.6 Withdraw credit of two weeks absence charges (holiday entitlement).

2.7 Adopt rental charges as outlined in section 3.13

### **3. Background**

**3.1** The LEAN review identified areas of significant waste, unnecessary duplication and cost inefficiency. The Payables & Income (Finance) team have worked with the City Centre Management, Markets and Street Trading (Markets) team to devise a new mechanism for recording the daily register of traders operating on the market which has transformed the markets team's ability to recognise and correct data entry anomalies.

**3.2** As part of the LEAN review traders were invited to attend a focus group concerning billing and invoicing. The focus group identified the complexity of the pricing structure and ease with which traders could fall into arrears as issues with the present system.

**3.3** In the first half of the current financial year the General and Sunday market occupancy (paid for pitches) figures returned;

Day	Occupancy figure %
Monday	82.94%
Tuesday	89.47%
Wednesday	97.20%
Thursday	94.33%
Friday	99.42%
Saturday	99.96%
Sunday	100%

The occupancy figures return an average financial performance for the City Council as set out in table A in Appendix 1.

**3.4** Whilst acknowledging some caution should be exercised in comparing market performance owing to variable trading days & times, stall conditions, additional facilities, and so on, the table in Appendix 2 is a summary of nine regional and national markets with a similar profile to Cambridge General & Sunday markets. It is clear that what our traders receive for their fee in

comparison with other markets listed is extremely competitive in terms of stall size, price charged and facilities provided. Whilst the City Council has limited flexibility regarding the stall size, it does enjoy scope to revise the fee charged and the facilities that are included as part of this. What is also evident is the array of additional charges that other markets levy. The majority charge more for electrical usage and their casual traders at a higher fee. Though most market operators provide some level of holiday entitlement, markets that enjoy similar levels of occupancy as our own do not. Additionally, Cambridge benefits from visitor numbers in excess of 5.4 million per year. The equivalent figure in Bury St. Edmunds, one of the regional market operators included in the benchmarking exercise, is 733,000.

**3.5** Instead of a multiple fee structure on the General Market, it is proposed that stalls are considered as either 'premium' or 'standard'. Which pitches are categorised as premium and which as standard can be viewed in Appendix 3. Premium pitches (presently termed A and B) currently enjoy near 100% weekday occupancy. Standard pitch weekday occupancy exceeds 80%. It is proposed that the premium fee is equivalent to the existing band A tariff whilst the standard levy remains the same as the existing band C charge. Only those currently trading from band B<sup>2</sup> stalls will see any change in price (an increase from £17.57 to £19.34 or 10%). Table B in Appendix 1 demonstrates that this change will generate around £10,000 per annum additional weekday income. The same application on Saturdays would again see only current band B stalls subject to any change in price (an increase from £31.91 to £36.42 or 14.1%). It is likely that these changes will generate a further £4,000 per annum additional income.

**3.6** Instead of a flat fee charge, the Sunday market is to adopt a premium/standard structure identical to that proposed above. The Sunday market is a relatively new innovation in the offer of Cambridge markets – established for around the last eighteen years - which explains the current inconsistency.

**3.7** Saturday charges have been referred to in section 3.5. If Sunday tariffs were consistent with these this would lead to an increase in a standard pitch charge from £27.95 to £30.51 - just under 9.2%. The charge for a premium pitch on a Sunday would rise from £27.95 to £36.42 – 30.3%. The Sunday Market is incredibly popular and has achieved maximum revenue figures consistently since March 2015. The Sunday Market continues to attract the majority of declined enquiries/applications fielded by the Markets team owing to the lack of availability. Since the beginning of 2015, the team has

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<sup>2</sup> Additionally there are currently two stalls (G7 & G8) based on the perimeter that are categorised as 'C' but would be charged as 'Premium' in keeping with all other perimeter stalls. These pitches would rise from £16.32 to £19.34 (18.5%) Monday to Friday and from £30.51 to £36.42 (19.4%) on Saturdays

had 82 applicants from traders only prepared to work on Sundays. We have only been able to facilitate 5 (6.1%) of these requests. There have been many more applicants that have accepted alternative trading days on our markets despite applying to operate on Sundays. Despite this rise, of the six market operators that charge a daily fee listed in Appendix B, only two are cheaper on their premium day. Table B in Appendix 1 demonstrates that this change could generate around £27,000 per annum additional income.

**3.8** Currently casual traders pay exactly the same tariff as licensed traders. Not only is this more burdensome on Markets and Finance officers to administer, it means these traders are able to be far more selective than permanent traders. To redress this, and to encourage traders to sign less administratively onerous permanent licenses which guarantee support of the market, the proposal is to introduce a casual premium charge. Such a proposal is consistent with the majority of other market operators who responded. All other market operators that permit casual trading featured in Appendix 2 charge vendors of this type at rates that are less preferential than their regular or permanent stallholders. An additional charge of £5 per casual pitch has the potential to generate around £3,500 a year, based on an average of two casual traders per day, as depicted in Table B in Appendix 1.

**3.9** A £25 amendment charge fee for licence changes already has Member sign off (Strategy & Resources Committee 21<sup>st</sup> January 2013), but has yet to be levied. Similar charges are in widespread use with other market operators. Implementing the previously agreed charge of £25 for any change requiring a new licence agreement to be drawn up could yield an extra £7,000 each year based on the current number (average of seven) of licences the Markets team currently revise each week.

**3.10** The fee charged to all traders allows for service facilities and bills to be covered. To recognise that hot food vendors put a disproportionate burden on our utilities and recycling and cleansing costs, the proposal is to add an additional charge to their daily tariff. This is consistent with many other market operators, and a fairer method than asking all traders to make an identical contribution. Of the nine market operators listed in Appendix B, seven make additional charges for electricity usage. An additional charge of £7 per hot food pitch has the potential to generate around £25,000 a year, based on an average of 10% of market stalls being populated by traders selling this commodity per day, as depicted in Table B in Appendix 1.

**3.11** Withdrawing holiday entitlement in line with other market operators with high occupancy would remove the burden of around 1,000 daily register adjustments each year. It would also have a positive impact on maintaining the offer of the market. The current system is difficult to administer,

examples including; with the number of days a trader operates fluctuating, their leave entitlement varies at different points throughout the year; if a trader is licenced for different category pitches on different days but chooses to take occasional days as holiday throughout the year, maintaining a record of which days said trader is then still entitled to take is particularly onerous on both the Markets and Finance teams. Traders can still take holiday should they choose. Most, though not all, traders have someone who helps them so could assist if the licenced trader did choose to take holiday. Withdrawing holiday entitlement would mean that traders are obliged to pay for the two weeks they currently receive so this may have an impact on the number of casual vacancies we have. Though many markets do offer some holiday entitlement and other incentives, these are largely markets with much lower occupancy rates where incentives for occupancy are deemed necessary. It is difficult to be precise about the impact such a measure would have. At the very least it would be expected to be a cost neutral measure but would save many officer hours.

**3.12** In part, to offset the impact of the withdrawal of holiday entitlement and also to improve the efficiency of our revenue collection the proposal is that all traders are offered a 4% rebate to pay by DD. This is effectively the size of the rebate already offered to DD payers (slightly greater) irrespective of whether they take their holiday entitlement. Such a move allows traders to minimise the impact of these changes. Currently 34% of traders pay by this method. With 100% take up, the overall impact on markets revenue would be around £30,000. NB: This is not reflected in Table B of Appendix 1.

### **3.13**

Summary of proposed rental changes				
Current Category	Current Fee	Proposed Category	Proposed Fee	Change
Monday to Friday 'a'	£19.34	Premium	£19.34	Nil
Monday to Friday 'b'	£17.57	Premium	£19.34	10%
Monday to Friday 'c'	£16.34	Standard	£16.34	Nil
Saturday 'a'	£36.42	Premium	£36.42	Nil
Saturday 'b'	£31.91	Premium	£36.42	14.1%
Saturday 'c'	£30.51	Standard	£30.51	Nil
Sunday	£27.95	Premium	£36.42	9.2%
Sunday	£27.95	Standard	£30.51	30.3%
Storage	£16.91	n/a	£16.91	Nil
Bank Holidays	£20	n/a	£20	Nil
All Saints Saturdays	£31.46	n/a	£31.46	Nil
All Saints Other	£15.16	n/a	£15.16	Nil

## 4. Implications

### (a) Financial Implications

Subject to utilisation of pitches forecast in Appendix 1 Table B these proposals could deliver up to £85,000 in additional revenue. A 4% rebate paid to direct debit payers would reduce this figure by approximately £30,000 resulting in a net increase of £55,000.

### (b) Staffing Implications

The proposals will achieve a saving of 0.5 FTE post in the Finance Team as identified in the Support Services Review. Around 10 hours of officer time in the Markets team will also be saved which will enable increased promotion and development of our offer.

### (c) Equality and Poverty Implications

An Equalities Impact Assessment has been conducted to inform the decision required.

### (d) Environmental Implications

- Nil

### (e) Procurement

Not applicable.

(f) **Consultation and communication**

On 29<sup>th</sup> January 2016 the CCM, Markets & Street Trading team launched a consultation with traders regarding proposals on the re-categorisation of pitches on the General & Sunday Market; associated terms of trading and 2016-17 rent levels. 183 traders were contacted by e-mail with a further 12 we could identify without e-mail addresses contacted by post. In addition, a copy of the consultation was displayed on the noticeboard outside the WC. Traders were invited to send their written comments back to the team. The consultation closed on 12<sup>th</sup> February 2016.

The CCMM&ST team received 27 responses from 195 traders (13.8%) throughout the consultation. Each submission was acknowledged by the CCM, Markets & Street Trading team.

(g) **Community Safety**

None

**5. Background papers**

These background papers were used in the preparation of this report:  
Equality Impact Assessment

**6. Appendices**

Appendix 1 – Current/Potential Revenue Comparison

Appendix 2 – Comparison with other Market Operators Offer

Appendix 3 – Current/Potential Pitch Categories

Appendix 4 – Scrutiny Committee members can view a summary of trader responses received during the consultation period and management comment at the following link [Summary of Traders Responses](#)

**7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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