



Date: 12 March 2018

Title: Market pitch fees

Purpose of the Report: To present proposals for market pitch fees

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a) Corporate Objective/s	LLTC Three Year Plan Aim 2: To promote & develop a vibrant town through partnership working & initiatives including management of the street market, provision of town & community promotions, town centre enhancements, tourism & practical support for local businesses	
b) Implications:		
c) Financial	√	Update on introduction of pitch fees.

1. RECOMMENDATION

- 1.1 To endorse the proposal that Casual market traders pay £23 per pitch at 3m x 3m per pitch.
- 1.2 To endorse that additional square meterage space taken above the standard maximum space of 27 square meters is charged at .50p per meter.
- 1.3 To endorse recognition of trader's 'long service' for permanent traders by offering a whole pitch fee discount according to years served:
 - i. 5 yrs and over; 5% discount
 - ii. 10 yrs and over; 10% discount
 - iii. 15 yrs and over; 15% discount
 - iv. 20 yrs and above: 20% discount
- 1.4 To endorse an incremental approach for permanent traders to achieve the new pitch fee owed from 01/04/18 over the next financial years based on the approach set out below:
 - I. Month one: pay current fee plus up to £4 (applied to all traders relevant to their individual circumstances,
 - II. Month two onwards: traders with greater than £4 pitch fee increases will pay monthly incremental increases of 10% per month of the remaining difference.
 - III. Month two onwards: traders with greater than 45% pitch fee increases will pay monthly incremental increases of 5% per month of the remaining difference, over a period of 24 months.

2. BACKGROUND

- 2.1 At its meeting on 06/06/17 Committee endorsed the minutes of the Market Sub Committee (ref. 040/CE) confirming standard sizing for market pitches. Following this, at its meeting on 24/07/17 (ref. 048/CE), Committee endorsed pitch fee charges

and other details.

- 2.2 Included in the above endorsements was to put the introduction of new pitch fees ‘on hold’ till 01/04/18 for those traders whose pitch fee would increase. This approach allowed traders a six month period to undertake financial planning to anticipate change. Likewise, it allowed all parties to continue a dialogue regarding pitch fees.

3. PITCH FEE

- 3.1 Recommendation 1.1 above reintroduces a two tier fee structure between permanent and casual traders. The idea was advocated by trader representatives as well as individual traders. This new fee proposal continues the improved offer of the fee structure even though it goes up to £23. Pre-relaunch, a casual trader would pay £27.20.
- 3.2 Recommendation 1.2 continues the approach of managing the allocation of space, reducing pitch sprawl and creating space for new traders – especially on the ‘popular’ north side of the road as per the endorsed new market layout.
- 3.3 Recommendation 1.3 responds to two issues requested by traders previously and more recently; that of trader incentives to stay on the market and recognition of long-service. This approach benefits permanent traders only thus adding to the existing benefits of ‘permanent’ status; that being 4 free ‘holiday’ days per market (can attend or not attend 4 times and not be charged for their pitch) and a confirmed pitch position.
- 3.4 Recommendation 1.4 extends the idea of a ‘grace’ period previously in place for 6 months since the launch date designed to help traders prepare for any potential change. It proposes that from 1 April 2018, all permanent traders with a pitch fee that increases up to £4 or over, starts to pay that increase immediately up to £4. Those traders with a greater than £4 increase will incrementally pay a 10% monthly increase on the difference between the £4 and the remaining total fee until they reach equalisation. An example of the incremental approach is provided below with the second example applying a long-service discount.

Old Pitch fee - baseline	New pitch fee – baseline	Individual trader ‘current’ fee example	Difference	1 April ‘18 Increases up to £4 payment commences	1 May ‘18 10% of remaining deficit on difference (£4 = .40p)	May	June	July	Etc.
A 2x Pitches £48.40	2x Pitches £38	2x Pitches £30	£8 difference	£34	£34.40	£34.80	£35.20	£35.60	Etc.
B 2x Pitches £48.40	2x Pitches £38 less 5% long-service discount = £36.10	2x Pitches £30	£6.10 difference	£34 = remaining difference is £2.10. 10% = .21p addition to pay per month.	£34.21	£34.42	£34.63	£34.84	Etc.

3.5 A point to note is that the above example show that the trader will have already benefitted on paper from the new pitch fee of £19 per 3m x3m sq. In this example (fictitious), it shows that the trader had not previously been paying the full pitch fee.

4. INFORMATION

4.1 Market rents have remained unchanged since 2012 and have not taken into account increases in fixed costs.

4.2 To date, focusing on permanent traders only:

- For 41% permanent number of traders, the new pitch fee proved immediately more beneficial and these traders commenced payment of reduced pitch fees from 23 September 2017. (9 of these will again benefit if they have long-service; their fees will reduce again.)
- 24% of traders will see their rent increase by no more than £7. (N.B. if a trader was paying less than the correct pitch fee pre-relaunch, the increase will of course be much greater for them.)
- 62% permanent traders will benefit from a reduced fee in recognition of their long-term service.

4.3 It has been acknowledged by trader representatives, some traders themselves and market industry peers that the new single pitch fee of £19.00 is very good value. (Fees go towards operational costs and additional promotion, marketing and entertainments.)

4.4 To date, 2 new permanent traders have joined the market and pay the new full fee relevant to their size of their pitch including the full price for the maximum sized pitch.

5. CONCLUSION

5.1 The above recommendations take trader feedback into account. Specifically the request to apply pitch fees in a consistent and fair way which was requested prior to the market relaunch. Equally, a response to trader's requests to provide incentives to retain traders and acknowledge their history of attendance has influenced the proposal of the the long-service discount.

END