



Date of Meeting: Wednesday 29th January 2020

Lead Member: Cllr A Alford - Lead Member for Customer, Community and Regulatory Services

Lead Officer: Greg Northcote Estates Manager

The appendices are not for publication by virtue of paragraph 3 of Schedule 12A, Part 1 of The Local Government Act 1972, as amended. The public interest in maintaining the exemption outweighs the public interest in disclosing it.

Executive Summary: The Panel receives bi-annual market management reports on the Dorchester Markets and related property and facilities.

Equalities Impact Assessment:

None

Budget:

See related Financial Outturn Report for period to 30th September 2019. Continuing decline in revenue will impact net returns for each Council.

Risk Assessment:

Having considered the risks associated with this report, the level of risk has been identified as:

Current Risk: LOW as the fall in income was anticipated

Residual Risk MEDIUM as there is a risk that the income could fall further

Other Implications:

Financial: Declining revenue stream as identified in the Report

Recommendation:

1. That members instruct senior officers from both Councils to review future management arrangements to address the declining trend in market performance.
2. That members approve the financial settlement and revised stall tolls for the Farmers Market
3. That members note the remainder of the report.
4. That members agree that any underspend in the repairs budget is transferred to the Market Repair Reserve.

Reason for Recommendation:

1. To reconcile the financial position and future licensing of the Dorset Farmers Market.
2. To ensure that Members are kept informed of progress in respect of management and development of the various markets.
3. To ensure that maintenance liabilities are being addressed and that funds held in reserves can be applied to fund maintenance if required.

Appendices:

- 1) Confidential Appendix Ensors draft accounts for the previous financial year.
- 2) Confidential Appendix Ensors Management Report

Background Papers: None

Officer Contact:

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Report

1. Background

1.1 Dorchester Market is a prescriptive market. Dorset Council owns the Dorchester Market site and has granted a lease dated 1st October 1978 for 99 years to Trustees of the Dorset Council and Dorchester Town Council and entered into an associated Market Agreement that details the management arrangements that are today overseen by this Committee.

2. Dorchester Market – Ensors

Background

2.1 Trustees of the Dorset Council and Dorchester Town Council have leased the site of Dorchester Market to T Ensor and Son Ltd (Ensors) and currently Ensors hold a lease from 2001 for a term expiring in 2026. Ensors have rights to hold a market on Wednesdays and a Car Boot Sale on Sundays every week of the year and on any other days as may be agreed. Ensors undertake the management of the market and are required to provide periodic financial reports. Market Tolls are set by agreement with the Council.

2.2 Market Revenues have been falling for many years owing to the changing pattern of retailing, internet purchasing, and general trends of markets failing to meet the requirements of younger shoppers. Previously officers have

commissioned a report from NABMA in respect of the market operations, a Dorchester Market Survey to assess the public's view of the market and have presented a discussion paper called a Vision for Dorchester Market. These have proposed operational improvements and site maintenance works to support the market.

Report

2.3 When the lease was granted in 2001 the rent reserved under the lease was £194,000pa but for the last full year ended March 2019 it had fallen to £77,500.

2.4 The figures provided by Ensors for the first six months of 2019/20 show a further fall in revenue of 14%, a fall in expenditures of about 5% and a fall in net profit of 25% relative to the equivalent period last year. The revenue received by the Car Boot sale also declined over the same period by 11%.

2.5 The higher fall in net profit compared to gross income is accounted by expenditure remaining fixed in certain areas. There is therefore a continuing medium level risk of profit decline unless a strategy can be identified to increase site revenues.

2.6 Ensors have supplied the attached Market Operators Report citing poor trading conditions and bad weather throughout the autumn albeit that 5 of 6 trading months showed falls in revenue.

2.7 Ensors advise that the position is not helped by the dilapidated condition of the site. The Panel have fully spent the allocated budget and drew from reserves to address essential repairs to the roofs and gates and to undertake improvements including the new CCTV with 9 cameras giving complete coverage of the exterior of the buildings recording 24/7 and saving recordings for 30 days. Signs notifying the CCTV surveillance have been installed. The system is fully functioning. A new main gate has been installed and a security managed locking regime is in place overseen by the Car Park Team. A further gate off Weymouth Avenue has been replaced and when open is locked in place.

2.8 Officers have also recently installed sub metering of the electric and water supplies on the site enabling accurate recharging to users for the first time. Since their installation electricity consumption has been broadly equal between the Council and the Market. Council costs should be allocated to the respective users.

2.9 Officers expect to undertake continuing works to address graffiti issues and will schedule redecoration of external joinery including doorframes as well as works to borrowed light panels this year but assuming that no further response maintenance arises there is likely to be a maintenance underspend that the Panel may wish to allocate to replenish the Maintenance Reserve Fund.

2.10 The North and South Linneys remain underused and attract littering and graffiti issues. Officers do not believe that planners will support their removal because of the proximity to the Conservation Area. It is unlikely that their condition alone is a significant contributor to revenue decline.

2.11 Ensors have reported declining revenues for many years and the Panel has reviewed means to improve performance. The Panel may wish to request that senior officers in both Councils review Ensors report and their proposals and report back any new proposals that could address the declining revenue arising from the market operation.

3.0 Cornhill Market

3.1 Dorchester Cornhill Market Limited manages the trading pitches marked out at Cornhill under licence from the Council.

3.2 Dorchester Cornhill Market Limited has been granted a licence for a term of three years at the current annual fee of £26,632. The rent increases in line with the Retail Price Index.

3.3 Rent payments are being received on a regular basis

3.4 The Licence permits vehicle parking to demount the stalls from 4.00 pm each day and the market operator has been reminded to comply with this condition.

4.0 The Farmers Market

4.1 The Dorset Farmers Market, which operates between Nappers Mite and W H Smith, has had a difficult year and owing to a combination of the lack of demand from stallholders and the weather they ceased operating Farmer's Markets in South Street from September 2019 but now wish to recommence trading at the end of January this year.

4.2 Terms for the continuation of the market were agreed with officers at the beginning of 2019 but the licence was not signed by Dorset Farmers Markets owing to a change in personnel. The new Company Secretary is no longer willing to accept the previous terms. We are advised that to do so would have created a loss making situation for them and they do not have the reserves to cover the licence fees.

4.3 Dorset Farmers Market have advised that their market has declined in recent years, commencing with the demise of Woolworths, the departure of Next and with the imminent departure of Marks and Spencer reflecting the reduced and changed spending habits of customers in Dorchester compared to Poundbury. They further advised that customer spending has also reduced significantly after 2pm. They explained that the Farmers Market in Poundbury

has continued successfully and that there the visitors there are more inclined to purchase good quality farmer's goods despite their relatively higher prices.

4.4 Other factors are also relevant to their finances including that they have direct stall supply and setting up/take down costs that reduce their profit. Evidently they are failing to pass this onto the traders.

4.5 Other concerns raised by Dorset Farmers Market were:-

- Closure/changes of stores on South Street and effects of temporary structures eg: scaffolding.
- Market stalls spread out over a wide area to avoid certain shop fronts meant that the cohesive market 'feel' was lost. Customers did not realise we were a farmers market, and therefore failed to appreciate the quality and provenance of the products on offer.
- Access and logistics of loading and unloading in a pedestrian area alongside other businesses and delivery vehicles.
- Restrictions of food hygiene guidelines controlling food storage and exposure. Many products are restricted to a maximum of 4 hours.

4.6 Dorset Farmers Markets advised that their, "aim is to identify the key requirements for both Dorchester customers and our members and develop a market more likely to succeed eg: time/dates of markets, possibility of providing food to go, addressing access issues, finding a location that supports a market in its entirety & improving target marketing. This may require changes to DFM policies and therefore will not happen in the short term."

4.7 With regard to the payment for the stalls I understand that payments have been received until 31st March 2018. Officers have been discussing the arrears for stalls since this date and have reached a tentative proposal as follows:-

- a) In the year 2018 – 19 we are advised there were 97 stalls operating and based upon a reduced rate of £13.75 per stall Dorset Farmer's Market are prepared to make a payment of £1,328 for that year. *That compares to the charge previously agreed of £2,400 based on £20 per stall.*
- b) With regard to 2019 - 20 markets were held only during the first six months totalling 31 stalls and Dorset Farmers have proposed a payment based upon a rate of £15 per stall making a total payment of £465.
- c) The proposal for future stalls is to increase the rate per stall to £17.50per stall from 1st January 2020. *That is likely to result in a revenue for 2019-2020 of about £750.*

4.8 Officers are recommending to finally reconcile payments and future arrangements with Dorchester Farmers Market on the above basis.

5.0 Cornmarket

5.1 The tenants Gary Batt and Guy Schwinge t/a Duke's Auctioneers continue to hold over under the terms of their expired lease.

5.2 This situation has continued for several years and is kept under review. Officers believe that the rent passing is at or about market rental value.