

Local Service Delivery Committee (Macclesfield) Agenda

Date: Tuesday, 26th November, 2013
Time: 6.00 pm
Venue: The Capesthorne Room - Town Hall, Macclesfield SK10 1EA

1. **Apologies**

To receive apologies for absence.

2. **Minutes of the Meeting Held on 22 October 2013** (Pages 1 - 4)

To approve the minutes as a correct record.

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relating to the work of the body in question. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

4. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

5. **Macclesfield Allotment Provision** (Pages 5 - 16)

To consider a briefing paper on Macclesfield allotment provision.

For requests for further information

Contact: Julie North
Tel: 01270 686460
Mail: julie.north@cheshireeast.gov.uk

6. **Macclesfield Markets** (Pages 17 - 22)

To consider a briefing paper on Macclesfield indoor and outdoor markets.

7. **Date of Next meeting**

To agree a date for the next meeting.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the Local Service Delivery Committee (Macclesfield)

held on Tuesday, 22nd October, 2013 at The Capesthorne Room - Town Hall,
Macclesfield SK10 1EA

PRESENT

Councillor L Jeuda (Chairman)
Councillor L Roberts (Vice-Chairman)

Councillors C Andrew, L Brown, K Edwards, A Harewood, J Jackson,
B Murphy and D Neilson

Officers in attendance

Brian Reed, Head of Governance and Democratic Services
Mark Averill, Service Leader, Cheshire East Highways
Witek Wojas, Street Lighting Operations Manager
Rob McGarry, Streetscape Technical Support Manager
John Leach, Market Manager

Apologies

Councillors Carter, D Druce and M Hardy.

22 MINUTES OF THE MEETING HELD ON 10 SEPTEMBER 2013

RESOLVED

That the minutes of the meeting be approved as a correct record. However, the minutes had noted that the Economic Development and Regeneration Manager had undertaken to circulate details of the Economic Regeneration Team, but that this had not happened. It was agreed that he would be reminded of the need to do so.

23 DECLARATIONS OF INTEREST

There were no declarations of interest.

24 PUBLIC SPEAKING TIME/OPEN SESSION

Ms Bernadette Burgon, an allotment holder at Maple Avenue allotment site, used public speaking time to raise the issue of Cheshire East Council allotments, and the difficulties faced in securing tenants for vacant plots. Ms Burgon said that Cheshire West and Chester Council was working to form a federation of allotment holders, and had secured assistance from the National Society of Allotments and Leisure Gardeners.

It was agreed that the information presented by Ms Burgon should be brought to the attention of the officers of the Council who manage its allotments.

25 STREET LIGHTING

Mark Averill, Service Leader, Cheshire East Highways, reported to the Committee upon street lighting arrangements in the Borough, including the various approaches adopted to reduce carbon usage.

Discussion took place and Mr Averill agreed to circulate to members of the Committee a recent press article which had a bearing on issues relating to crime, together with a map of lighting arrangements in each Member's area.

Mr Averill was thanked for his presentation and it was agreed that the press article and lighting maps would be circulated as suggested.

26 MARKETS

Rob McGarry and John Leach from the Markets Service reported to the Committee upon market provision and arrangements within the Borough. They circulated budgetary information and a "Macclesfield Market-Positioning Statement 2013".

Discussion took place.

Agreed: that market arrangements in Macclesfield should form a major item for discussion on the Committee's Work Plan.

27 WORK PLAN

The Committee considered a report of the Head of Governance and Democratic Services which set out potential areas of work which might be appropriate for consideration at future meetings of the Committee.

The report invited the Committee to consider whether the work areas referred to in the report correctly represented those which it wished to pursue, and then to prioritise them.

RESOLVED

That the next meeting of the Committee should consider the following items as a priority:

- a. Presentation on allotments: this will concentrate upon the number location and take-up of allotments in the unparished area; how the existence of vacant allotments might be publicised; whether there are any mechanisms for allotments

to be run locally; and whether there might be opportunities for allotment federations, in conjunction with the National Society of Allotments and Leisure Gardeners.

- b. Presentation on markets: this will address the following issues (ensuring that papers relating to the subject-matter are issued with the agenda):
 - i. How arrangements worked, and what issues arose, in respect of markets at Alsager, Sandbach and Nantwich;
 - ii. Budgetary matters (with finance officers in attendance);
 - iii. How the Macclesfield market might be promoted;
 - iv. How the market in the Grosvernor Centre operates and is managed.

The meeting commenced at 5.30 pm and concluded at 7.30 pm

Councillor L Jeuda (Chairman)

This page is intentionally left blank

MACCLESFIELD ALLOTMENT PROVISION

This report has been drafted as a briefing paper for the Macclesfield Local Service Delivery Committee.

The provision of allotments in the non-parish areas of Cheshire East is a statutory function for the Authority. The duty to provide allotments falls to the lowest tier of Local Government which in Macclesfield is currently Cheshire East Borough Council. The primary purpose of allotments is to provide opportunities for people to grow their own produce as part of the long term promotion of sustainability, for health benefits and to facilitate social inclusion / cohesion.

Allotments can provide a number of wider benefits to the community as well as the primary use of growing produce. These would include:

- Bringing together of different cultural backgrounds.
- Improving physical and mental health.
- Providing a source of recreation.
- Brings a wider contribution to green and open space provision.

Legal Framework for Allotment Provision:

Relevant regulatory framework & statutes
<ul style="list-style-type: none"> ▪ <i>Small Holdings and Allotments Act 1908</i> ▪ <i>The Smallholding & allotment Act 1907 imposed responsibilities on parish, urban district and borough councils to provide allotments and further legislation in 1908 consolidated previous acts and resolved various anomalies.</i> ▪ <i>The Allotment Act 1950.</i>

Pursuant to the provisions of section 23 subsection (1) Small Holdings and Allotments Act 1908, municipal authority is under two Statutory and hence mandatory obligations as regards allotments:

- To provide a sufficient number of allotments ; and
- To let these to folk who wish to take them.

“Sufficient”, in this context, has yet to be defined by a Court of Competent Jurisdiction however, it is arguable that if there is one person on a waiting list for an allotment, the municipal authority is actually in breach of the Statutory duty imposed by s. 23 (1).

The provisions of s. 23 (1) become engaged where, under the provisions of section 23 subsection (2) Small Holdings and Allotments Act 1908, six Parliamentary electors make written representations to the municipal authority, expressing a demand for allotments. The authority must then seek to provide a sufficient number, and let these in accordance with s. 23 (1). The obligations in s. 23 (1) are absolute; they admit of no defense, argument or challenge.

Section 25 Small Holdings and Allotments Act 1908 confers powers of compulsory acquisition of land for allotments on municipal authorities, and land so acquired can be within or without the parish boundaries.

Cheshire East Council: Policy Framework:

The need for provision of allotment facilities in the area is an integral part of the *Open Space Report* which provides part of the evidence base contributing to the council's new Local Plan.

The recently adopted Cheshire East Council Green Spaces Strategy, highlights the target local provision standard should be: *0.2 hectares per 1,000* (equating to 5sq.mts per family dwelling).

- **9.10** - The National allotment Society standard 20 standard plots per 1,000 (a standard plot being 250 sq.mts – this would equate to 0.5 ha per 1,000 population). Often though the demand for allotment space has meant that a more manageable plot size for an individual or family to manage is a half plot.
- **9.11** – The popularity of allotments has increased in recent years, as people choose to grow their own food. Allotment gardening is a leisure pursuit that provides wide-ranging benefits. In addition to the advantages of producing good quality vegetables and flowers, plot holders gain benefits of healthy exercise, fresh air and social interaction. Allotments also provide leisure facilities for those members of society that are underrepresented, or may feel excluded from other recreational pursuits.

Allotments in Macclesfield: Current Provision

Over the last 10 years, due to media interest and the movement towards “*growing your own*”, the demand for allotments has continued to increase. Currently Macclesfield is

served by 10 allotment sites. These sites have traditionally served both Macclesfield and smaller surrounding communities enabling them to support areas outside the town boundaries that may have had no little or no provision in their parish area.

These sites are located at:

1. Maple Avenue, Byron Street
2. Park Grove, South Park
3. Knowsley Road
4. Lyme View, Sutton
5. Springhill
6. Springfield Road
7. Birtles Road* (*Broken Cross Allotment Society*)
8. Brookfield Lane* (*Brookfield Lane Allotment Society*)
9. Laburnum Road* (*Byrons Lane Allotment Society*)
10. Stamford Road* (*Moss Lane Allotment Society*)

In total, these sites currently offer 314 allotment plots to local residents. Plot sizes are not standardised. Plot sizes can vary from 25m² up to 350m². These are charged on a rate per square metre. In an attempt to increase the capacity of our sites and to address waiting lists, larger plots have been split to more manageable sizes (90 m² and less).

It is our intention that this process will continue as opportunity arises, but a number of traditional size plots will still be retained. Not only has this policy increased the quantity of smaller plots being offered, but it has also facilitated a much improved success rate with new tenants. This reduces the cost of clearance of plots on failure of tenancies and reduces the administration cost. Furthermore it has gives opportunity to access to an allotment to more local residents; speeding up the reduction of names on waiting lists and satisfying more of the demand. However, when plots become available it is not always easy to install new tenants and plots can be left vacant despite efforts to fill them.

Fees and Charges:

Charges are currently levied for the tenancy of the land for purpose of cultivation/growing produce to any individual resident of the borough or to any suitably constituted Allotment Society.

Charges are reviewed as part of the Council's annual budget process and are unchanged since 2011/12. Charges traditionally include a rate to include for water if supplied.

The National Association of Allotments & Leisure Gardeners quote on their website that the average rent for the 10 pole plot (250 m²) in England and Wales is £25. Cheshire East prices accord with this average.

Rents are charged per m²:

Charge Rates as at 2012/13	Charge Per m ²
Charge per m ² without water or roads	£0.074
Charge per m ² with either water or roads	£0.116
Charge per m ² with both water and road	£0.154

These rates were last uplifted in 2011/12 when an increase of 3.75% was applied to the existing charges. No further incremental rise has been applied to these rates despite a continuing and significant rise in Utility charges. All Tenant rents are charged annually - in October/ November of the fiscal year.

Discounts offered:

Discount Rental Reduction for Senior Citizens	50%
Discount Rental Reduction for Allotment Societies	30%

Current Level of Income:

Rents invoiced for Period 2012/13 for the 10 Macclesfield Sites came to - £4327.30.

This figure is netted after adjustments for any discount as applicable, but without adjustment for any bad debts.

Site Name		Invoice Value 2012 to 2013	
MACCLESFIELD			
Birtles Rd (A)	Macclesfield	£517.05	
Brookfield Lane (A)	Macclesfield	£660.80	
Laburnum Rd (A)	Macclesfield	£692.75	
Byrons St, Maple Ave	Macclesfield	£389.33	
Park Grove	Macclesfield	£46.47	
Stamford Rd (A)	Macclesfield	£780.45	
Springfield Rd	Macclesfield	£109.94	
Springhill, Hurdsfield	Macclesfield	£129.15	
Knowsley Rd	Macclesfield	£607.42	
Lyme View, Sutton	Macclesfield	£393.94	
			£4,327.30

Current Expenditure:

Maintenance activity is restricted to repairs to boundary/perimeter fences and kept to essential / emergency works only. On some Society run sites, officers may supply materials only for some maintenance/ repairs, labour provided by the tenants/volunteers on site. On occasion, skips have been provided to allow for site clearances or in support of resident associations' improvement schemes.

The budget was originally set for the original 24 allotment sites managed across the former Borough of Macclesfield which, in addition to the 10 sites in Macclesfield, included sites at Alderley, Knutsford, Poynton and Wilmslow. The operating budget is currently £5600. This budget is held centrally to allow for flexibility in targeting problematic sites more effectively. On average the budget allows each site an allocation of just over £230.

The cost of mains water supply is growing and consideration is being given to the installation of water meters. The costs of installation will need to be considered against potential future savings. Alternatively, tenants are being encouraged to reduce their dependence on mains water by rainwater collection and using moisture conservation techniques.

Administration:

The Parks Development Officer (North) is responsible for managing Allotments with administrative support provided by Streetscape Technical Administration based at West Park, Macclesfield. Liaison with the National Society of Allotments and Leisure Gardeners is strong. Council Officers have good relations with the regional representatives and actively encourage the engagement of the allotment sites which have societies or associations.

CEC holds a centralized waiting list for all allotment sites. Plots are offered in strict rotation to ensure fairness.

Six of the Macclesfield sites are totally managed by CEC officers, the other four allotment sites are managed in partnership between the Council and a constituted Allotment Society on each site:

Birtles Road (*Broken Cross Allotment Society*)

Brookfield Lane (*Brookfield Lane Allotment Society*)

Laburnum Road (*Byrons Lane Allotment Society*)

Stamford Road (*Moss Lane Allotment Society*)

The detail of duties in each of these instances comprises:

CEC fully managed sites

Each Tenant has an individual Tenancy Agreement with Cheshire East Council.

Cheshire East:

- Holds and manages the Waiting list.
- Tenancy administration-
 - Offers / contacts for new tenants
 - Issue / processing each individual's Tenancy Agreement.
 - Returnable deposits processed and held centrally in isolated account.
 - Rent invoices issued by Council to each tenant. (Debt collection is also undertaken).
- Site Inspections –
 - Site visits & evidence gathering undertaken by Council Officers.
 - Officers issue correspondence to non-performing tenants as required.
 - Action disciplinary protocol as necessary.
- Monitoring site condition/boundaries and responding appropriately– issue work instructions as required.
- Supply guidance & requirements regarding structures, poultry & bonfires.
- Maintain a register of structures and poultry on sites.
- Consider and approve/refuse applications for structures and for any poultry on site.
- Dealing with disputes/ issues with tenants, local residents or any other bodies.

- Deal with all enquiries regarding bees, pesticides, herbicides- issue guidance and support as required.
- Allotment Development –
 - Improvement of facilities on site e.g. Accessibility
 - Encouraging and supporting community use of site.
 - Secure Section 106 for improvement – identify opportunities.
 - Long term sustainability – ecological & community aspects.
 - Part of North West Forum (NSALG) – benchmarking allotment provision.

For Society managed sites –

Cheshire East Council has a formal Tenancy Agreement with the Society. The Society has its own constitution in place. The constitution is agreed with the Council and contained in the formal Tenancy Agreement. The Society manages the site in accordance with these guidelines. Individuals' tenancies are handled by the constituted allotment society.

Some management responsibilities for the site are split between the Council and the Society:

The Society will:

- Committee elected by tenants on site – as per constitution.
- Maintenance of site – condition of site, condition of plots, some boundary responsibilities, site structures (CEC approve or reject structure applications as per guide lines), registration and welfare of permitted livestock, etc. in accordance with the Tenancy Agreement.
- Responsible for rent issue to individuals, collection & single payments to CEC.
- Managing day to day tenancy issues on site.
- Managing plot allocations on to site using CEC maintained Central waiting list.
- Society takes a 30% discount on any full rental income as a contribution to management fee.

Cheshire East Council will:

- Maintaining condition of site and compliance with tenancy agreement.
- Maintenance of site – some boundary responsibilities, fences, gates, access, roads/paths, water supply.
- Responsible for rental calculations and issue of rates and invoice for site, as per CEC policy.
- Maintenance of Central waiting list - held centrally by CEC to monitor timescale and fairness on all sites.
- Dealing with disputes/ issues with tenants, local residents or any other bodies.
- Allotment Development –
 - Improvement of facilities on site e.g. Accessibility
 - Encouraging and supporting community use of site.
 - Secure Section 106 for improvement – identify opportunities.
 - Long term sustainability – ecological & community aspects.
 - Contribute to the North West Forum (NSALG) – benchmarking allotment provision.

Self Management is currently in place on four allotments in Macclesfield. Officers have been keen to extend this practice. However, recently experience has shown that where self-management has been promoted (in the Wilmslow area) only limited success has been achieved. It is evident that these allotment communities appear to favour the formation of an Association, taking up the practical management of the site but not wanting to take on a lease or the fiscal responsibilities. To date only one of the three sites targeted have successfully achieved full self-management.

Appendix: Statistics

Recent Performance Indicator figures for the sites indicate a high demand for the allotments still continues in the town of Macclesfield and its surrounding parish areas as evidenced in the following tables:

Recent Performance analysis supports the trend towards the changing of plot size ratios and would indicate an improvement in the take up rate on the sites, see below:

Allotment site (Association/Society managed sites marked (A))	Number of plots available	Qty Full size Plots	Qty Half Size Plots	Number of Plots Allocated	Number of Vacant Plots	% Tenanted
Birtles Rd, Macclesfield (A)	47	35	12	46	1	97.9%
Brookfield Lane, Macclesfield (A)	63	11	52	60	3	95.2%
Laburnum Rd, Macclesfield (A)	49	6	43	49	0	100%
Byrons St, Maple Ave, Macclesfield	32	15	17	26	5	81.3%
Park Grove, Macclesfield	4	4	0	2	2	50.0%
Stamford Rd, Macclesfield (A)	52	44	8	47	3	90.4%
Springfield Rd, Macclesfield	12	4	8	12	0	100%
Springhill, Hurdsfield, Macclesfield	3	3	0	3	0	100%
Knowsley Rd, Macclesfield	31	23	8	30	1	96.8%
Lyme View, Sutton, Macclesfield	25	5	20	25	0	100%
Summary - As at Nov 2012	318	150	168	300	15	94.3%

Currently Tenanted Plots

Catchment Area % Mix

<u>TENANTS ON SITE</u>	<u>Tenant ed Plots On Sites</u>	<u>Macclesfield</u>	<u>Bollington</u>	<u>Sutton</u>	<u>Gawsworth</u>	<u>Rainow</u>	<u>Prestbury</u>
As At June 2013							
Birtles Rd	46	45	1				
Brookfield Lane	60	55	2	3			

Laburnum Rd	49	38	1	8	1	1	
Maple Ave	26	23	1	2			
Park Grove	2	2					
Stamford Road	47	46		1			
Springfield Rd	12	11	1				
Springhill	3	2	1				
Knowsley Rd	29	28	1				
Lyme View, Sutton	25	16		7	2		
SUMMARY	299	266	8	21	3	1	0
% MIX	100%	89.0%	2.7%	7.0%	1.0%	0.3%	0.0%

Application/Registration

Catchment Area % Mix

	<u>Qty</u> <u>Vaca</u> <u>nt</u> <u>Plots</u>	<u>Request</u> <u>s For</u> <u>Site</u> <u>From</u> <u>Waiting</u> <u>List</u>	<u>Maccles</u> <u>field</u>	<u>Bolling</u> <u>ton</u>	<u>Sutto</u> <u>n/</u> <u>Langl</u> <u>ey</u>	<u>Gawsw</u> <u>orth</u>	<u>Rain</u> <u>ow</u>	<u>Prestb</u> <u>ury</u>
Birtles Rd*	1	57	56			1		
Brookfield Lane*	3	59	58	1				
Laburnum Rd*	0	63	27		5		1	
Maple Ave	5	22	21					1
Park Grove	2	18	17			1		
Stamford Road*	3	35	33		1		1	
Springfield Rd	0	8	8					
Springhill	0	21	18	3				
Knowsley Rd	1	16	15					1
Lyme View, Sutton	0	33	20		10	1	1	1
TOTAL	15	332	303					
% MIX		100.0%	91.3%	1.2%	4.8%	0.9%	0.9%	0.9%

CHESHIRE EAST COUNCIL

LOCAL SERVICE DELIVERY COMMITTEE (MACCLESFIELD)

Date of meeting: 26th November 2013
Report of:
Subject/Title: Macclesfield Markets
Portfolio Holder: Councillor D Topping

1.0 Report Summary

1.1 To provide a briefing paper on Macclesfield Indoor and Outdoor markets.

2.0 Recommendations

2.1 Councillors should consider the information contained within this report.

3.0 Reasons for Recommendations

3.1 N/A

4.0 Wards Affected

4.1 Macclesfield

5.0 Local Ward Members

5.1 Macclesfield Charter Trustees

6.0 Policy Implications

6.1 N/A

7.0 Financial Implications

7.1 N/A

8.0 Legal Implications

8.1 N/A

9.0 Risk Management

9.1 N/A

10.0 Background and Options

10.1 Macclesfield Indoor Market

The Indoor Market Hall is situated within the Grosvenor Shopping Centre, owned by Eskmuir Properties, and is on the ground floor of one of the Council's "pay to park" car parks in the centre of Macclesfield.

The market hall is open to the public six days per week from 09:00; the closing time is 17:00 on Mondays to Wednesdays and at 17:30 on Thursdays to Saturdays.

The market hall consists of fifty two shop style lock up units rented to traders through a lease issued by Cheshire East Council.

The current occupancy level for the Indoor Market Hall is 95%; this figure has remained constant for the last three years.

Vacant units are advertised within the market hall and traders are expected to apply to trade for a minimum period of one year.

The rent charged to each trader is based on the size and position of the unit they occupy within the market hall. The level of rent is reviewed every three years by an independent surveyor against property values in similar size towns; the next rent review is due in April 2015.

A service charge is also levied and reviewed annually, based on the Council's costs incurred whilst managing the market during the previous financial year. The Council's premises costs include the annual charge from Eskmuir Properties to lease the area used for the market hall and the multi storey car park.

The process for determining the rent and service charges is defined within the traders' leases. The traders are responsible for making payments at monthly intervals; Council employees do not collect cash from traders.

The rent and service charge applied to any new trader is currently reduced by 50% for the first three months of trading as part of a business start up incentive.

The traders are responsible for payment of their individual Business (Non Domestic) Rates.

The market hall is open to traders from 07:00 and locked one hour after the closing time. In order to provide staff resources to cover these times, one market operator is on duty four days per week with another being employed for two days per week. Periods of staff absence for leave, training and sickness are covered through overtime or the use of a "Casual" member of staff.

10.2 Macclesfield Outdoor Market

The Outdoor Market is held in Castle Street every Tuesday, Friday and Saturday with traders using market stalls owned by Cheshire East Council and erected by Council employees. Market Place, an area close to the Town Hall, is also available to traders every Friday.

The rent for a stall is £18.50 per day; traders pay their rent in cash, collected by Council employees and the cash is paid in at the Town Hall.

The market stalls are stored at West Park Macclesfield and are transported from there every market day at 05:30 and then erected by a team of up to seven operatives. At the close of business the market stalls are dismantled and returned to West Park by the same team at 18:00.

The market stall team members who perform these tasks are employed by Cheshire East Council Waste & Re-Cycling and are paid overtime to create and dismantle the market due to the unsocial hours required to complete the workload.

All levels of income generated at the Outdoor Market are subject to seasonal variation.

The market currently consists of an average of forty five traders per week, a figure decreased from an average of sixty traders per week recorded in January 2011.

Following a trader recruitment drive initiated by the Town Centre Management team, there has been an increase in the number of traders in Market Place every Friday. This initiative has successfully attempted to attract “artisan type” traders into the area and as such trader numbers will fluctuate during the winter.

The market is full on a Friday however space and equipment is available to allow an additional ten traders to attend the market on Tuesdays and Saturdays.

Without an initiative to reduce the cost of creating the market, an additional thirty traders will be required each week in order to create a situation whereby the Outdoor Market achieves a financial break even position.

The market stall equipment used in Macclesfield differs from that used elsewhere at Cheshire East Council markets. Whilst the style of the market stalls is similar, the metal stall frames used for example in Crewe are more lightweight and therefore fewer staff resources are required per market stall to create the market environment in Crewe than in Macclesfield.

There is no formal advertising of opportunities to expand the Outdoor Market other than by word of mouth by the traders, nor is there a business start up concession.

A privately managed "Treacle Market" is held successfully in Macclesfield on the last Sunday of each month; the emphasis at this market is on Artisan products and produce associated with arts, craft and food, rather than the Council managed market where the focus is on retail goods.

10.3 Financial performance

The difficult economic trading conditions currently being experienced in town centres has had a recessionary impact at all markets, with a particular emphasis on a downturn in sales at indoor markets; various forms of rent incentives and concessions are being offered to traders at markets UK wide.

During the financial year 2012/2013 the operational income and expenditure for Macclesfield Indoor Market produced an excess of income over expenditure in excess of £100,000. The operational income and expenditure for the Outdoor Market resulted in a negative out-turn figure of £27,598

A market has always been seen as a business start up and a small business enterprise opportunity. Inevitably, however enthusiastic and hard working the traders are, some traders are more successful than others; many thrive, some survive, whilst others have had to face the stark reality that their business plans have not materialised.

Traders at the Indoor Market operate within the terms and conditions of leases which define the level of rent and service charge each trader is responsible for, and the regularity (monthly) for these payments.

Whilst the amount due for rent is fixed for a three year period, the service charge element of each invoice is based on the Council's costs for managing the market during the previous year. As a result, invoices cannot be produced until mid May when a draft of the out-turn figures for the previous twelve months has been produced and there is then an additional period of up to two week before the traders receive their invoices and commence making payments. As the Council's finance system defines 90 day and 180 day payment periods, the traders immediately become late payers at the start of each financial year.

Market debt predominantly results from traders defaulting on their rent and service charge payments at the Indoor Market and, as a result, having their lease which enables them to trade, withdrawn.

The level of debt increased due to an inability to effectively monitor the amounts that traders paid, or did not pay, and the regularity, or irregularity of their payments, within the Council's accounting system. This inadequacy has been addressed in the last nine months through the availability of Financial Reporting Centre (FRC) data updated at monthly intervals.

The availability of this data has resulted in a more rigorous method of managing the market from a financial perspective, enabling more accurate monitoring of payments against traders' invoices to be made together with the introduction of a procedure to address the late payment of rent and service charges.

The Council's Debt Recovery team has also provided support in an attempt to recover debts and an external debt collection agency have been involved in certain situations. As a result of this support, the Council has now agreed repayment plans with a number of traders which will reduce the level of unpaid rent by 31st March 2014.

Where the Council's Debt Recovery team and the debt collection agency consider it is uneconomical to recover a particular debt they recommend that the debt is written off against the service budget; an additional option available to the Council is to use the debt collection agency as a bailiff although to date this option has not been used.

10.4 Financial position as at 31st October 2013

Once the traders' invoices have been issued, the Council's financial accounting system credits the market service with the total amount of the invoices issued and at that stage this amount is shown as a "debt" owed by the traders; this level of "debt" reduces during the financial year as traders make payments.

As at 31st October 2013 the Council's accounting system shows a figure of £248,313 as the market debt. Within this amount, the sum of £157,722 is due to be paid by the traders at monthly intervals through to March 2014 under their normal "business as usual" arrangements. A further amount of £90,591 will be repaid under a "repayment plan" option agreed with the Head of Service.

10.5 Appendices

10.5.1 The purpose of a market can be summarised as to provide:

- a retail service to local residents, enabling them to purchase value for money goods

- a business opportunity for local produce suppliers and for start up businesses

- a commercially viable asset that generates a financial surplus for Cheshire East Council as a landlord and an asset manager

10.5.2 The success criteria against which the markets are assessed are as follows:

- financial: exceed the budget projection by increasing income from traders and reducing expenditure

- health and safety: ensure the market achieves safety legislation standards

customer service: ensure the market is valued by its customers.

10.5.3 The following detail has been extracted and summarised from the lease held by each trader at Macclesfield Indoor Market.

Rent review: the rent will be reviewed on the relevant Review Date to the higher of the “rent immediately before the relevant Review Date” and the “Rental Value”, the annual rent at which the premises might reasonably be let in the open market. The Council or the tenants may refer the determination of the Rental Value to an independent surveyor if the Rental Value has not been agreed by the Council or the tenants by the relevant review date.

Service charge: the service charge is determined by the level of cost and expenditure, including all VAT, charges, commissions, premiums, fees and interest paid, incurred by the Council in respect of, or incidental to, all or any of the services provided. The “services provided” are defined within the lease issued to each trader. As soon as reasonably practicable after the end of each financial year the Council must ensure that a certificate, containing a summary of expenses for that year, is issued by an accountant who may also be an employee of the Council.

Alienation Sale of a tenant’s business: if the tenant has been in occupation of the premises for a period in excess of three years and wishes to sell the tenant’s fixtures, fittings and goodwill attached to the premises and business then the landlord shall, on surrender of this lease by the tenant, grant a new lease of the premises to the purchaser of the tenant’s business, provided that the following conditions are first satisfied:

the tenant has throughout the period of the lease observed the terms of the lease and has paid in full all sums due up to the date of the surrender of this lease

the landlord has approved the purchaser of the tenant’s business, such approval not to be unreasonably withheld or delayed and the purchaser has in the view of a surveyor paid a fair price for the business

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: J Leach
Designation: Streetscape
Tel No: 01270.686836
Email: john.leach@cheshireeast.gov.uk