

Report to CABINET

Tommyfield Market – Lease Management

Portfolio Holder: Cllr Amanda Chadderton, Leader and Cabinet Member for Regeneration and Housing

Senior Responsible Officer: Emma Barton, Executive Director for Place and Economic Growth

Officer Contact: Paul Clifford, Director of Economy

Report Author: Sara Hewitt, Town Centre and Markets Manager
Ext. 4517

21st September 2022

Reason for Decision

Tommyfield Market is moving into the Shopping Centre and there are plans to redevelop the current market site when it is vacated. The proposals are for existing tenants to relocate into the heart of the town centre as requested at previous trader engagement meetings.

In readiness for this relocation, this report seeks approval to review existing tenancy arrangements to provide consistency and to ensure vacant possession can be obtained in a timely manner as soon as the opportunity arises. Engagement sessions continue with tenants to help clarify their relocation requirements and to help map out their business plans.

In addition, this report seeks approvals to respond to market traders ask for financial assistance as they continue to report that the current trading situation is difficult. This is due to a slow recovery from the Covid pandemic, and the challenges associated with the current market site: traders have asked for assistance to aid their sustainability during these currently challenging times and, ensure market continuation ahead of moving across to the new market site.

Executive Summary

As a result of historical practice, differing forms of tenancy agreements have been established with different market businesses. These have various dates of expiry and various break options. This report proposes rationalisation of current arrangements with the introduction of a new lease agreement in readiness for when the new market opens, as new lease agreements will be in place for the new location.

The Council is already delivering marketing and promotional activity to drive footfall and a reduction in rent charges has previously been put in place. However, current trading conditions remain challenging, and tenants have requested further financial support. The Council will also continue to collaborate with tenants to develop engaging marketing and promotional campaigns, which benefit both the Market and its businesses.

Applications from tenants to go across into the new market will be invited in the new year.

Recommendations

Approval is requested from Cabinet members:

- i. To offer a new lease agreement to existing tenants of Tommyfield Market;
- ii. To offer this new lease arrangement to all new tenants for fairness and equality during this final period of trading in the existing location.
- iii. To review the rental model through the new lease agreement providing they are in compliance with their existing tenancy agreement and have no rental arrears. Options and details are set out in the part B report.
- iv. To approve the implementation of the above and commence further engagement with tenants.
- v. To delegate authority to the Executive Director for Place and Economic Growth to finalise the terms and conclude the new tenancy agreements, together with any ancillary documentation.
- vi. To delegate authority to the Director of Legal Services or his nominated representative to sign and affix the Common Seal of the Council to all contractual documentation necessary to give effect to the above authorisations and delegations.

New Tenancy Agreement and 50% Rent Reduction at Tommyfield Market**1 Background****1.1 Moving the Market**

1.2 Plans to move Tommyfield Market into the heart of the town centre and into the Shopping Centre were approved as part of the Creating a Better Place framework in 2020, following engagement and support from the market traders. The works are being funded by external funding grants, namely the Town Deal Fund, with additional support from the Council's Capital Programme. Planning permission was approved in June 2022. The redevelopment of the site is well underway.

1.3 To ensure equal opportunities, fairness and an open / honest process for planning out the layout of the new market space, together with providing details about the different market trader businesses, requirements for relocation and trading requirement in the new location – formal applications will be invited in the new year. Proposals are for a free support package to be offered from the Business Growth Hub to all tenants (to provide support with language barriers, understanding of requirements, literacy / numeracy challenges, and business planning advice) to help complete their applications, (should they require it), and ensure submission within a 12 week period. .

1.4 As part of the application process, tenants will also be able to request financial support from the Council to move their equipment and refit it within their new unit. This will allow a programme of financial support to be confirmed from within the allowance predicted within the existing project fund allocation.

1.5 It is anticipated that applications will be reviewed and reported back to the Corporate Property Board for determination, with notification to applicants in Summer 2023.

1.6 Most tenants are expected to go across into the new market. Some tenants may, however, not want to, based on their own business situation (e.g., choose to retire or relocate somewhere else). The Council's Business Support and Investment Team will support tenants in finding other premises in the borough if request, together with advice on business finance options.

1.7 Current Trading Situation

1.8 Tenants indicate that the current trading situation is difficult; this is, in large part, due to a slow recovery from the Covid pandemic. Stock is more difficult to source and around 25% more expensive. Footfall is also almost 50% down and customers have less available spend.

1.9 The difficult trading situation is exacerbated by the inherent faults of the market site, which informed the decision to move the Market into the Shopping Centre. The Market is away from the other, main shops and attractions, it lacks parking spaces, and the building is no longer fit-for-purpose.

1.10 There is an action within the current Corporate Plan to provide support to traders in relation to recovery from the Covid pandemic and moving the Market into the Shopping Centre. As such, the Council is seeking to boost footfall through adverts on its bin wagons and the radio. It is also running a free parking offer on the Market Car Park on weekdays after 3pm.

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- 1.11 Current rent reductions of at least 10% have been offered to the indoor, brick and shop unit tenants since 2018. However, tenants have requested a further rent reduction to aid their sustainability during these currently challenging times at the Tenant Liaison Meeting in March 2022.

2 **Current Position**

2.1 Offering a New Tenancy Agreement and Rental Model

- 2.2 It is proposed that the Council seeks to rationalise the different tenancy agreements at Tommyfield Market with the introduction of a new tenancy agreement that makes provision for it to be ended when the new market opens.
- 2.3 Rent reduction models are considered in the part B report, which could be made available through the new agreement. This would aid tenants' sustainability during these currently challenging times.
- 2.4 The new tenancy agreement and agreed rent reduction would be offered to tenants at the same time as the application process for the new market is announced. This would help tenants plan for their future in relation to the Council's plan for ending tenancies and their own ability to go across into the new market.
- 2.5 Details and options for the new tenancy agreement are set out in part B of the report, however if approved, they would be offered to existing tenants, providing they are in compliance with their existing tenancy agreement and have no rental arrears, as well as to future tenants.
- 2.6 The approved rent reduction would need to be applied to full-price charges and for trading units only (i.e., storage units that are already discounted would be ineligible).

3 **Options/Alternatives**

- 3.1 The options considered are mapped out in the part B of this report.
- 3.2 The options considered aid the future vacation of the Market site for its redevelopment and would help tenants in their ability to plan for the future.

4 **Consultation**

- 4.1 External property and legal consultants have provided technical assistance and best practice advice from other local authorities who have also relocated markets, which has helped inform the development of the options within this report.
- 4.2 Feedback from tenants, including from the Tommyfield Market Traders Association, has been very helpful to help shape the proposals in this report.
- 4.3 Extensive consultation has been undertaken with the traders as part of the town centre Big Conversation, and this was followed up with more detailed engagement about the relocation, and ahead of the planning application being considered.

5 **Financial Implications**

- 5.1 The revenue and capital implications are detailed in part B of this report.
(James Postle, Finance Manager)

6 **Legal Services Comments**

6.1 The detailed comments from the Council's legal team are set out in part B of this report.

6.2 The exemption from publication is justified on the category stated in the report.

6.3 The report author has confirmed compliance with the Council's Land and Property Protocol.

(Rebecca Boyle, Group Solicitor – Corporate)

7. **Co-operative Agenda**

7.1 The proposals seek to support and sustain local businesses and enable the longer-term redevelopment of the town centre. This is in line with our co-operative aims to develop an inclusive economy.

(Amanda Richardson, Policy Manager)

8 **Risk Assessments**

8.1 Detailed comments are set out in the part B of this report.

(Mark Stenson, Head of Corporate Governance)

9 **Human Resources Comments**

9.1 None

10 **IT Implications**

10.1 None

11 **Property Implications**

11.1 All the property implications have been detailed in the report.

(Rosalyn Smith, Estates Team Leader)

12 **Procurement Implications**

12.1 No procurement implications. The Councils Land and Property Protocols apply.

(Dan Cheetham, Procurement)

13 **Environmental and Health & Safety Implications**

13.1 None

14 **Equality, community cohesion and crime implications**

14.1 None

15 **Equality Impact Assessment Completed?**

15.1 No

16 **Key Decision**

16.1 Yes

17 **Key Decision Reference**

17.1 ESR-15-22

18 **Background Papers**

18.1 None

19 **Appendices**

19.1 None