

Market Stall Business Case

1.1 Background

The existing market stalls are reaching the end of their usable life with the cost of repairs starting to impact market income.

It is proposed to replace the existing stalls with gazebos. The alternative is to supply no stalls or infrastructure and rely on the traders to provide their own.

The Council last invested in new infrastructure in 2011 and it is expected that the lifespan of new gazebos will be similar.

The result of not investing in new stalls would be a lack of uniformity, the risk of alienating some traders and a potential decline in the market offering and variety.

There has been, and continues to be, significant investment and progress made in the town centre over recent years and coupled with the projects to Little Market House and the Guildhall the new style stalls aim to improve the market offering and vitality of the town centre on market days.

1.2 Proposal

	14/15 estimates	15/16 estimates	15/16 estimates
	Current	No infrastructure supplied. No rent increase.	Replace stalls with Gazebos. Rent increase.
Total Income	£195,000	£195,000	£219,180
Total costs	£123,537	£67,489	£96,520
Net profit	£82,000	£127,520	£122,660
WDC - 70% of net income	£57,400	£89,264	£85,862
Saunders Markets - 30% of net income	£14,063	£38,252	£36,798
Capital cost for gazebos		c.£8,000	c.£52,000

1.3 Business Case

The cost of new gazebos is expected to be £52,000. There would still need to be some outlay for a smaller number of gazebos for non-regular traders or those unable to supply their own.

The financial difference is marginal on the two proposals (+/- c.£3,500) although not providing stalls will require a lower initial capital outlay by the Council.

On the proposed income projections investing in new stalls would have a payback of under 2 years.

Recovery of the capital expenditure for the new gazebos will be ensured by increasing the minimum base rent in the market contract. Currently this is £50,000 pa and will therefore increase, assuming a cost of £52,000 for the gazebos, to £60,200 pa, on a new 5 year contract. The increase in base rent has been agreed in principle with the market manager.

It is proposed that the market manager contribute towards the £52,000 cost of the new gazebos at the same level the income is split (70:30).