

## NABMA CHARGING POLICY GUIDANCE 2023

1. The recent NABMA Retail Market Survey 2022 provided information on the average level of charges throughout the markets industry. The Survey also revealed that these charges contain, in some instances, a number of variable items which mean that the charges applied across the Market might vary from stall to stall.
2. Open Markets appear to have more variable items than exist in respect of Indoor Markets and efforts should be made to reduce these to a minimum. The NABMA Survey revealed that on some Open Markets as many as ten or more variable items existed in the management of the Market.
3. The core charge should be allied to the use of the space and this should include basic services to provide for the running of the Market. Additional charges, for example, allied to use of electric lights or sockets should be kept to a minimum.
4. Of course there is nothing wrong in operating differential charges in respect of casual/regular traders and applying a premium charge for the best trading spaces and if you want to operate such arrangements you will need to explain the basis on which the charges work.
5. Similarly you might want to offer incentives to new traders or reward long-standing traders with benefits or where traders are encouraged to provide their own stalls. If you operate such arrangements everyone needs to be clear how they work.
6. Providing information on your charging arrangements and making clear the cost of a "standard stall" along with any additional charges is very important and these should be featured online and made readily available to traders and potential traders.
7. The NABMA Survey indicated that the position on Indoor Market Halls is easier to understand than on Outdoor Markets. Essentially as the layout is fixed there is either an all-inclusive rent or there is a rent plus service charge. NABMA is of the view that the rent should normally be calculated on the area of the trading unit typically applying a charge per square metre and, if a service charge is applied, it should be clear from the terms of letting what is included in the service charge. The recent development of food courts within Indoor Markets seem to have started a move towards the introduction of turnover rents rather than fixed rents.
8. Review arrangements are very important. Having a review does not necessarily mean that charges have to be altered up or down but it is good practice to build into your market

management a timetable for reviews to be carried out. NABMA recommends that service charges should be reviewed annually. Charges and rents should be reviewed at least bi annually. Sometimes, particularly in leasing and tenancy arrangements the review arrangements are specified at intervals, for example, every three years. Rather than having formal review arrangements some letting arrangements provide for the increase in charges in line with CPI or RPI. In reviewing rents and charges consideration will need to be given to the income and operating costs of the Market but it might not be these issues that provide a final determination of the review. We know that many Markets are currently operating at a deficit but a review will enable meaningful decisions to be taken on how the deficit will be managed.

9. Street trading is considered separately as it operates under an entirely different regime where the service is essentially required to break even over a budget year. While there are some issues of interpretation regarding what can be included as costs to set against charges the list below provides some of the requirements of the operating costs:

Cost of sending out application forms

As applicants must be able to make online applications the cost of updating the website with relevant information

Cost of processing applicants

The cost of issuing licences

Cost incurred over a municipal year of preparing the paperwork for any matters that are considered by members

Staff salaries

Cost of running office accommodation eg heating, lighting

Enforcement costs

**NABMA**

**Published June 2023**