

THE EXECUTIVE

20 MAY 2003

REPORT FROM THE DIRECTOR OF LEISURE AND ENVIRONMENTAL SERVICES

STREET TRADING LICENCES - FEES AND CHARGES 2003/04	FOR DECISION	
<i>This report concerns the setting of Charges, which is the responsibility of the Executive.</i>		
<u>Summary</u>		
<p>This report sets out the Council's current Street Trading Charges and provides a comparison with the charges made by neighbouring boroughs.</p>		
<p>The Charging Policy Commission set a number of fundamental principles that must be considered. There has been only one increase in the charges levied by the Council since November 1996. Therefore, this report proposes some changes to the basis that the charges are applied as well as the level of Charges for 2003/04, which will be necessary to cover costs.</p>		
<u>Recommendations</u>		
<p>The Executive is recommended to</p>		
<p>(i) Agree the basis and increase for Street Trading Charges with effect from 1 July 2003 as follows:</p> <ul style="list-style-type: none">(a) The issue of a non transferable three-year licence to an individual at a charge of £50 per licence(b) If a licence requires a new 'Designated Street', the cost of this, if approved, is charged to the licensee(c) The introduction of premium, standard and small area rates, as outlined in paragraph 3.3; and, <p>(ii) Note that the Charges will be reviewed annually in future.</p>		
<u>Reason</u>		
<p>To set the Street Trading Charges for the forthcoming year in accordance with the principles of the Charging Policy Commission and to assist with the Council's Community Priority of "Regenerating the Local Economy".</p>		
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1. Background

- 1.1 The Assembly on 4th July 2001 accepted the recommendations of the Charging Policy Commission. The three fundamental principles of the Council's policy are as follows: -
- (i) Services should raise income wherever there is a power or duty to do so;
 - (ii) The income raised should cover the full cost of providing the service, including all overheads and where appropriate to mirror prevailing commercial rates;
 - (iii) Any departures from this policy must be justified in a transparent manner and demonstrably support or promote Council priorities and policy objectives in an effective manner.
- 1.2 The charges covered in this report cover trading from shop forecourts and from designated locations on the public highway. They do not cover Barking Market or Ice Cream Vans, etc. (the latter are not permitted to stay in any location more than 10 minutes in LBB, and are thus not subject to this form of licensing).
- 1.3 LBB currently issue 62 licences annually and all of businesses use their frontages all year round.

2. Current Position

- 2.1 In response to public concern following the Council taking legal action against an individual for non-payment of the Charge, the Council agreed in November 1996 to reduced the Charge from £436 to £120 per year, in order to make street trading licences easily affordable to small businesses. (former Health and Consumer Services (Licensing) Sub-Committee Minute 38 (i), 28 October 1996 refers) In 1999 the Director of Housing and Health increased the fees to £141, which remains the current rate.
- 2.2 There is no consistency in practise amongst London Boroughs over such fees. Some levy substantial charges, whilst others levy no charge at all. According to the terms of the London Local Authorities Act, 1994'.-- Part Three, 'Street Trading', charges should cover all reasonable costs but not contribute to the General Revenue.

Some examples-

Tower Hamlets	£25 / week
Haringey	£10 / sq. metre / week
Lewisham	No charge
Waltham Forest	£20 / week
Newham	No charge (except cafes)
Redbridge	No charge (under review)
Havering	£24.80/ Week (Six trading days).

- 2.3 As mentioned above, it has been the Council's policy to encourage small businesses, however, a charge such as those above (£20 plus) would for this area could be considered punitively high. Most small businesses in the Council's area would cease forecourt / street trading if obliged to pay similar rates.
- 2.4 By Contrast, those boroughs that do not charge at all are still obliged to inspect and control, and so costs are incurred whether or not a license is issued.

3. **Proposal**

3.1 Designated Street:

As has been policy since 1996, if a licence requires a new 'Designated Street', the cost of this, if approved, would be charged to the licensee. It is proposed that this policy remains unchanged. However, such cases would be rare in practise since most suitable streets attractive to traders have already been designated.

3.2 Cost of Service:

Visits to the shops to issue the licences and collect the fees are done annually. This occupies two officers for 2 to 3 weeks. Subsequent inspections are usually combined with Officers other duties, such as examining vehicles in the area offered for sale illegally. The annual exercise incurs an inclusive personnel cost of approximately £4,000. Despite the passage of time since the charge was first set, a large increase is not required, since we have significantly improved the efficiency of our administration.

3.3 Annual Charge:

An annual charge, paid in advance is both the easiest and cheapest to administer and the rates proposed below would cover all our costs

To replace the present 'flat rate' with a simple scale of three charges reflecting the size of the trading area. This is clearly fairer than a 'flat rate'. It will not be more difficult to administer, since on existing licences we already record the size of the trading area taken. The proposed area charges are as follows:

Premium Area Charge	£200	Over 2 metres depth from Shop-front.
Standard Area Charge	£165	1+ to 2 metres depth.
Small Area Charge	£125	1 meter or less

Of the 62 licences currently issued, fifteen 'pitches' are one metre or less. Only two are in excess of two metres.

3.4 Three Year Licence:

Though Charges will be collected annually, it is proposed that the actual licence will in future be issued for three years instead of one. This is legally admissible and will reduce the Council's costs further. Although the licence will cover three years, checks will be made to ensure that its terms are being properly adhered to, both through regular inspections and when collecting the following subsequent annual fees.

Currently there is no separate charge levied for the Licence itself. Therefore, it is proposed that the Licences are issued to a named individual and remain non-transferable. The cost of a licence, to cover a full three-year period, should be £50. This fee would be in addition to the annual charge

4. **Financial Implications**

4.1 As mentioned above the cost of the service is approximately £4,000 for the annual exercise plus minor costs for subsequent inspections during the year. The overall annual Revenue for the Council will be

Annual fees	£9,000	(An increase of 10%)
Three Year Licenses	£1,033	(All Additional Income. £3,100 being collected every three years, plus new additional licences when approved.)

5. **Consultation**

Head of Finance and Senior Accountant Strategic Finance for LESD have seen this report and are happy with the report as it stands.

Background Papers

- Health and Consumer Services (Licensing) Sub-Committee Minute 38 (i), 28 October 1996. Re: Review of Street Trading Licence Fees
- London Local Authorities Act, 1994'. - Part Three, 'Street Trading'