

THE EXECUTIVE

9 MARCH 2004

REPORT FROM THE DIRECTOR OF LEISURE AND ENVIRONMENTAL SERVICES

BARKING TOWN CENTRE MARKET: FEES AND CHARGES 2004/05	FOR DECISION
<p><i>This reports concerns the setting of fees and charges which is a decision reserved to the Executive by the Scheme of Delegation.</i></p> <p><u>Summary</u></p> <p>The Charging Policy Commission set a number of fundamental principles that must be considered when setting charges and this report sets out the current basis on which rental charges are levied on the Traders, and proposes new charges for this service, which reflect those principles.</p> <p>The current charges have been in effect since 1 April 2003. The increases at that date (April 2003) were substantial at approximately 15% covering increases in costs from the inception of the new market in June 2000 and also some restructuring of the charge bands. With this in mind it is proposed that the Fees and Charges for Barking Town Centre Market for 2004-5 should generally rise with inflation.'</p> <p>Additional income from the proposed Market Charges is ring-fenced and can only be used for Market or Town Centre uses.</p> <p>The proposed new charges will still be comparable with those applied by similar local markets.</p> <p><u>Ward Affected</u> - Abbey Ward</p> <p><u>Recommendation</u></p> <p>The Executive is recommended to agree to the increases in the level of charges for trading at the Barking Town Centre Market from 1 April 2004, as set out in paragraph 1.2 of this report.</p> <p><u>Reason</u></p> <p>To set Barking Town Centre Market Fees and Charges for the forthcoming year in accordance with the principles of the Charging Policy Commission and to assist in achieving the Council's Community Priorities of "<i>Raising General Pride in the Borough</i>" and "<i>Regenerating the Local Economy.</i>"</p>	

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1. **Background.**

- 1.1 The Assembly on 4 July 2001 accepted the recommendations of the Charging Policy Commission. The fundamental principles of the Council's policy is that there is a starting presumption that Charges should be set to recover the full cost of the service, including all overheads, and that any subsidy must be transparent and demonstrably support or promote Council priorities and policy objectives in an effective manner.
- 1.2 The original market rentals were set up when the new market opened on 17 June 2000. They were reviewed for the first time last year and as a result the average increase was 15%.

2. **Proposals**

- 2.1 The original assumption was that London Road would be a Food Court area and Ripple Road would be the strongest area of trading. However, the strongest trading area for the Market is the East Street area nearest the Bandstand. The shops and Market stalls appear to compliment each other extremely well in this vicinity, and trade is comparable to Ripple Road and better on average than London Road.
- 2.2 London Road does have some food stalls but also a mix of other products, however, this area is not particularly well placed for general trading.
- 2.3 The weakest area remains the "old" East Street market area, which runs from the National Westminster Bank in the direction away from The Bandstand. This location is furthest removed from the main bus stops, car parks and the Station and is the least favoured area commercially.
- 2.4 It is proposed that:
- (i) the increase in charges from 1 April 2004 is generally in line with inflation since 1 April 2003. There is no restructuring of charges proposed this year.
 - (ii) the previous practice of charging rents per foot of frontage for individual stalls is continued and that the Charges from last year rise by inflation overall (rounded up to the nearest 5p or 10p charge point as appropriate).
 - (iii) In order to retain traders, it is not proposed to change rentals in the Old East Street Area is area

2.5 The proposals would produce the following fees and charges (inclusive of VAT.)

	Midweek			Saturday		
	Present 2003/04	Proposed 2004/05	% +	Present 2003/04	Proposed 2004/05	% +
London Road	£2.50	£2.60	4.0	£2.75	£2.85	3.63
Ripple Road	£2.50	£2.60	4.0	£3.50	£3.60	2.85
East Street	£2.50	£2.60	4.0	£3.50	£3.60	2.85
Station Parade	£2.50	£2.60	4.0	£3.50	£3.60	2.85
“Old ” East Street Area	£2.00	£2.10	5.0	£3.00	£3.10	3.33

Note: Mid week and Saturday charging bands correspond with usual practice and reflects the trade position to charge a higher rate on Saturdays. (Barking Town Centre Market operates on Tuesdays, Thursdays all year round and Fridays before Christmas.)

3. Financial Implications

- 3.1 The principle of operation is that the Councils’ direct costs, including Administration, Finance, Inspection and Rubbish Removal, are to be met before any other charges are made to the Market Account. Beyond this, the Market Operator is paid £10,000 per annum. All remaining income is divided between the Council and the Market Operator. In this way the Council has ‘First Charge’ on the market income, thus avoiding any liability falling on local residents, even if income were to be drastically reduced.
- 3.2 The original market had roughly 20 stalls. In practice, it is necessary for the operator of the new market to sustain in the region of 65 stalls before any income is generated, and this provides the commercial incentive.
- 3.3 It was originally considered that about 80 stalls would represent a satisfactory level, but this expectation has been far exceeded. Since its opening, the market has averaged over 130 stalls daily, and for this financial year the average is currently 137.
- 3.4 It is expected that the new rental prices should add an extra £22,000 per annum on current turnover and this will be divided equally between the Council and the Market Operator.
- 3.5 Attached as Appendix A is a statement of the budgeted expenditure and income for 2003/04 and 2004/05.

4. Future Considerations

- 4.1 The possibility of permanent opening on Friday remains under consideration. This was not considered appropriate in 2003, but it will be reviewed again in 2004. Although an extra day would bring in additional revenue it could damage the market if trade is not strong enough to fully support all four days.

5. Consultation

5.1 The following people have been consulted on this report and are happy with it as it stands.

Bob Cooper, Acting Head of Finance for LESD
Laura Williams, Management Accountant, LESD

Background Papers

- Executive Report and Minute 352, 18 March 2003 re: Barking Town Centre Market Charges 2003/04.

APPENDIX A

Barking Market Projected Costs and Revenues

	Actual 2002-03	Projected 2003-04	Estimate 2004-05
Income	553,700	621,000	640,000
Less:			
Expenses (fixed)	(104,016)	(109,000)	(114,600)
Management Fee	(10,000)	(10,000)	(10,000)
Net Surplus	439,684	502,000	515,400
LBB Share (50%)	219,842	251,000	257,700
LBB Expenditure			
Town Centre Infrastructure	85,866	100,000	59,940
Salaries and Support costs	48,068	60,200	124,980
Promotion and events	43,759	46,200	40,000
Street Cleansing and Refuse Collection	105,739	105,500	110,000
Reps and other misc. items	42,904	48,100	37,380
Total Expenditure	326,336	360,000	372,300
Less Fixed recharges already deducted	(104,016)	(109,000)	(114,600)
Costs to be met by income	222,320	251,000	257,700
(Surplus)/deficit	2,478	0	0