

**THE EXECUTIVE**

**29 MARCH 2005**

**REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT**

**BARKING TOWN CENTRE MARKET: FEES AND CHARGES 2005 / 2006**

**FOR DECISION**

*This reports concerns the setting of fees and charges which is a decision reserved to the Executive by the Scheme of Delegation.*

**Summary**

In July 2001 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.

The current charges have been in effect since 1 April 2004, when rates were raised in line with 2003/4 inflation. The previous year (April 2003) increases 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. For 2004/5 a further rise to cover inflation is required, along with one adjustment to bring the London Road area 'in line' with neighbouring areas in Ripple Road and East Street (an upward adjustment).

Additional income from the proposed market charges is ring-fenced and can only be used for market and street trading related purposes.

The proposed new charges will still be comparable with those applied by similar local markets

**Ward Affected - Abbey Ward**

**Recommendation**

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 2005, as set out in paragraph 2.5 of this report.

**Reason**

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 *Promoting Equal Opportunities and Celebrating Diversity* and *Regenerating the Local Economy*.

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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 license fees and charges were set up when the new market opened on 17 June 2000. They were reviewed for the first time in 2003 when the average increase was 15% and again in 2004 when the increase averaged 3.5%.

## 2. Proposals

- 2.1 Initially we had a number of different 'charge bands' to reflect the projected differences in trading potential within the market area. These have been reduced over time and It is proposed that the Saturday charge in London Road now be brought up to the Old East Street level, justified by increased strength of trading in that area and bearing in mind that this is still a lower rate than that for Station Parade and Ripple Road. This change is both reasonable commercially and will further simplify administration, resulting in a reduction to just two charge bands.
- 2.2 Lower East Street is likely to remain at lower charges, being significantly weaker for trading than the rest of the market. Most customers have a relatively long walk to reach this area. The principle applied throughout the market is to charge as much as is reasonable without incurring a net loss of traders to other markets.
- 2.3 Saturday charges remain at higher levels than week day ones. This is usual in markets, reflecting both higher costs for the operator and higher levels of trade for the traders.
- 2.4 It is proposed that;
- (i) charges are increased from 1 April 2005 by an average of 3.5%. The increase for London Road on Saturdays to be 12%, this will make the rate the same as for East Street and Station Parade.
  - (ii) the previous practice of charging license fees per foot of frontage for individual stalls is continued and that the Charges are rounded up to the nearest 5p or 10p charge point as appropriate, and

- (iii) in order to retain traders, charges for the Old East Street Area should be increased with inflation but continue as a lower charge band.

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

	Midweek			Saturday		
	Present 2004/05	Proposed 2005/06	% +	Present 2004/05	Proposed 2005/06	% +
London Road	£2.60	£2.70	3.5	£2.85	£3.20	12.0
Ripple Road	£2.60	£2.70	3.5	£3.60	£3.70	3.5
East Street	£2.60	£2.70	3.5	£3.60	£3.70	3.5
Station Parade	£2.60	£2.70	3.5	£3.60	£3.70	3.5
“Old ” East Street Area	£2.10	£2.15	3.0	£3.10	£3.20	3.5

*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 Council has ‘First Charge’ on the market income with the object of avoiding any liability falling on local residents. The principle of operation of the Market Account 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 Account. Beyond this, the Market Operator is paid £10,000 per annum. All remaining income is divided between the Council and the Market Operator.
- 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 135.
- 3.4 It is expected that the new charges should add an extra £25,000 per annum on current turnover and this will be divided equally between the Council and the Market Operator.
- 3.5 It should be noted that income from market charges is ring-fenced and can only be used for Market and Street Trading related purposes.

#### **4. Future Considerations**

- 4.1 The possibility of permanent opening on Friday remains under consideration. This was not considered appropriate in 2003 or 2004, but it will be reviewed again in 2005/6. Although an extra day would bring in additional revenue it could damage the long term viability of the market if trade is not strong enough to fully support all four days
- 4.2 During 2004 we held the first French Markets in Barking and more specialist markets are planned for 2005/6. The possibility of some market activity in Dagenham Heathway is also being considered. This would require separate approval.

#### **5. Consultation**

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

David Waller, Acting Head of Finance for DRE

Robin Hanton, Corporate Lawyer & Deputy Monitoring Officer, DCS

#### **Background Papers**

- Executive Minute 317, 18 March 2004 re: Barking Town Centre Market Charges 2004/05.
- Barking Market Projected Costs and Revenues.