

## THE EXECUTIVE

31 MAY 2005

### REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT

<b>STREET TRADING LICENCES: FEES AND CHARGES 2005 / 2006</b>	<b>FOR DECISION</b>	
<p><i>This report concerns the setting of Charges, the decision on which is reserved to the Executive by the Constitution (Scheme of Delegation).</i></p> <p><b>Summary</b></p> <p>This report sets out the Council's current Street Trading Charges and proposed new rates for 2005 / 2006.</p> <p>Charges were last revised, and a variable scale introduced, with effect from July 1 2004. This followed a detailed review including comparison with other boroughs.</p> <p>The structure of the proposed Charges for 2005/06 and underlying principles remain unchanged from those agreed for 2004 / 2005.</p> <p><b>Wards Affected</b> - None specifically. These Charges apply throughout the Borough.</p> <p><b>Recommendation</b></p> <p>The Executive is recommended to agree the increased Charges as detailed in paragraph 3.3 with effect from 1 July 2005.</p> <p><b>Reason</b></p> <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 "<i>Regenerating the Local Economy</i>".</p> <p>This year the changes are limited to consideration of increased costs.</p>		
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#### 1. Background

1.1 This recommendation is made in accordance with the report of the Charging Policy Commission, as agreed by the Council on 4 July 2001.

- (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 this Borough and are thus not subject to this form of licensing).

1.3 The Council currently issue 69 licences annually and all of businesses use their frontages all year round. They are all located in Designated Streets.

## 2. Current Position

2.1 Two years ago, for 2003/04, the charging structure was changed and increased rates introduced. As a result, the Charges now vary according to the space actually occupied, encouraging traders only to use space they really need for their business.

2.2 As indicated last year, there is no consistency in practise amongst London Boroughs. Some set punitive rates, some make no charge at all. Under the London Local Authorities Act, Boroughs should cover their costs, but not use such charges as a contribution to general revenue. The two significant changes are Lewisham and Redbridge, who are both charging for the first time this year.

Tower Hamlets	£25 / week
Haringey	£11 / sq. metre / week
Lewisham	£ 5 / sq metre/week
Waltham Forest	£20 / week
Newham	No charge (except cafes)
Redbridge	£20 / week
Havering	£24.80 / week (Six trading days).

2.3 It has been the policy of the Council to encourage small businesses. With rates as high as £20/week some businesses would close. Since 1996 the Council has sought to cover all costs but not to discourage this form of trading.

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 or Designated Streets:

As has been policy since 1996, if a licence requires a new 'Designated Street(s)', 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 practice since most suitable streets attractive to traders have already been designated.

### 3.2 Cost of Service:

Visits to the shops to issue the licences as necessary 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 total estimated costs are as follows:

Annual licence issue / fee collection	£4,700
Additional inspection visits and new trader investigations	£2,600
Financial and admin management	£1,550
<b>Total costs</b>	<b>£8,850</b>

In addition it is necessary to allow some contingency provision to cover any costs involved in prosecutions were necessary. A contingency of £2,000 is assumed.

### 3.3 Annual Charge: (Fees)

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

	2003/4	2004/	
Premium Area Charge	£210	£220	Over 2 metres depth from Shop-front.
Standard Area Charge	£173	£180	1+ to 2 metres depth.
Small Area Charge	£130	£136	1 metre or less

Of the 69 licences currently issued, 16 'pitches' are one metre or less. Only two are in excess of two metres.

### 3.4 Three Year Licence:

Until 2003 the fee and the licence were in one payment, which required that a new licence had to be issued every year. For 2003/4 it was agreed by the Council that these licences would in future be issued for a three year period. This is legally admissible and reduces our costs. 'Spot checks' are made, however, and regular inspections are carried out.

3.5 For 2005/6, therefore, only new traders will require the issue of a new licence, of whom there will probably be less than 10. It is proposed the charge for this rise from £50 to £55.

#### 4. Financial Implications

- 4.1 As mentioned above the cost of the service is approximately £8,850 per annum, plus £2,000 for contingencies. The overall annual Revenue for the Council will be

<b>Annual Fees</b>	£11,850	Includes increase of fees, + 4.5%
<b>Three Year Licenses</b>	£ 550	Depending on number of new traders.

Any surplus on the account is ring-fenced under the Local Authorities Act.

#### 5. Consultation

- 5.1 The following people have been consulted during the preparation of this report and have raised no objections to the proposals.

##### **Finance Department**

David Waller, Interim Head of Finance (DRE)

##### **Corporate Strategy**

Robin Hanton, Corporate Legal Manager

**Lead Members** Portfolio Holder for Developing Rights and Responsibilities with the Local Community and Providing Equal Opportunities and Celebrating Diversity. (Income and Charging), Councillor H Collins.

#### **Background Papers**

- Executive report and Minute 6, 1 June 2004 re: Street Trading Licences Fees and Charges 2004/05.
- Executive report and Minute 11, 27 May 2003 re: Street Trading Licences.
- 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'.