**Title:** Barking Market - Changing governance arrangements & detailed historic accounts

**Report of the Corporate Director, Adult and Community Services**

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<th>Open Report</th>
<th>For Information</th>
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<tr>
<td><strong>Wards Affected:</strong> None</td>
<td><strong>Key Decision:</strong> No</td>
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<td><strong>Report Author:</strong> Jenni Drew, Market Manager</td>
<td><strong>Contact Details:</strong> Tel: 020 8227 2641 E-mail:<a href="mailto:jenni.drew@lbbd.gov.uk">jenni.drew@lbbd.gov.uk</a></td>
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<td><strong>Accountable Director:</strong> Robin Payne, Divisional Director</td>
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**Summary**

At the meeting of PAASC held on 24 June 2015, Members received the Council’s Statement of Accounts and noted under the section “traded operation” that Barking Market had gone from making a surplus of £16K in 2013/14 to a deficit of £52k in 2014/15. Consequently the Committee asked for a report to be presented to this meeting.

This report also sets out the change of governance arrangements for the market and details of historical market accounts.

**Recommendation(s)**

To note this report.

**Reason(s)**

This report was requested at the last meeting of the Public Accounts and Audit Select Committee on 24 June 2015.

1. **Introduction and Background**

1.1 Barking Market was bought in-house in April 2015. Six staff transferred from Charfleets, who had managed the market operations for the previous fifteen years. An interim manager was appointed to manage the transition and the initial start up.

1.2 Barking Market trades on 4 days a week. Tuesday is consistently a good day, as is Saturday. Typically there are fewer traders on a Thursday whilst Friday sees more casual traders. There are currently around 70 permanent traders and the average weekly income is around £14,400.

1.3 The market has now been trading under the management of LBBD for 3 months. A Steering Committee, chaired by the Divisional Director, meets bi-weekly to review processes, projects, services and budgets, working closely with the regeneration
team to co-ordinate projects that consider redevelopment and growth of the Borough and local areas.

2 Trading Account activity

2.1 The table shows the trading account activity over the last 3 financial years, where the market has been operating, on average, 215 days.

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<tbody>
<tr>
<td>Turnover</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Expenditure</td>
<td>(867)</td>
<td>(854)</td>
<td>(818)</td>
</tr>
<tr>
<td>(Surplus)/Deficit</td>
<td>(40)</td>
<td>(16)</td>
<td>52</td>
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3 Factors affecting income

3.1 There have been a number of factors in the reduction in income over time. This is a trend within the period, which is also seen in other markets. Some of the recognised reasons are:

- **Recession / income** - Traders are reducing their days and/or pitch size to cut their daily costs and maximise their net income. Combined, the income reduction across the period equates to an average loss of £296 per week, which equates to four permanent traders occupying a 20ft pitch.

- **Casual trading** - New traders are choosing to stay as a casual trader for a longer time, giving them flexibility to choose days that are most profitable. Although there is a higher rental charge for a casual pitch, it does reduce the number of permanent rents collected as trading on fewer days.

- **Footfall** - Customers are making fewer trips to the town. As seen by the counter outside the O2 shop; footfall has reduced by an estimated 10% year on year.

- **Market layout** - Due to construction work around Barking Technical Skills Centre and the Old Magistrates Court, the trading area has been reduced. As a result, pitch availability has been affected. Pitches are now single file around the centre of East Street and stalls have been spaced apart to allow for easier access to the shop fronts. This has meant that occupancy at the top of East Street has become sporadic and stalls are moved toward Abbey Green; a less attractive place to trade. It is estimated that of the original layout of the market; 15% of pitches are affected by these changes, and of the remainder, occupancy is around 65%.

- **Trading Environment.** The retail stores in Barking are increasingly challenging for the market trader who is competing with larger chains, who offer similar products at reduced prices.
• **Other markets.** Traders are moving between local markets to improve their income potential and to expand their business in other areas. With the exception of Ilford, all other local markets have seen a similar reduction in income.

4 **Income growth and savings strategy**

4.1 It is recognised that income has been reducing over the last few years. A number of incentives and improvements are being made as well as seeking to improve how the market is run on a day-to-day basis, with a view to implementing initiatives to streamline operations e.g. licensing, waste management, health and safety compliance etc.

• **Maximise trading days** – In order to increase income without the outlay of operational costs, the focus will be to maximise the current trading days. Thursday trading is declining and there is potential to introduce events, speciality markets and promotional pitches

• **Revise advertising** – Ensure the message is inspiring, exciting and gives a positive message. The advertising is to cover a wider area and invite people to the town from other boroughs.

• **Traders forum** – It is very important that we have the buy-in, feedback and input from market traders. The trading forums are to be re-instated with a view to working in partnership to maximise Barking market potential.

• **Review of processes** – Process mapping is taking place now and there have been a number of changes to take out duplication of work and streamlining working documents such as the rent lists.

• **Services review** – There is an ongoing exercise to look at the service charges to the market account and where these can be self-serviced within the team. All licensing, cash collection, and waste management processes are to be mapped and training for staff will allow for the services to be part maintained within the department.

• **Revision of staff structure** – The current team have transferred from Charfleet on TUPE. There is to be a review of the operation and a realignment of tasks and duties and cross-training / multi-skilling of staff to ensure productivity is maximised. The hours of work are also reviewed to meet operational needs.

5. **Future Projects**

5.1 Working closely with the Regeneration team and other services within the Council, there is a shared vision for growth, investment and improvement to the area. The key projects below are collated in a shared PID:
6. **Financial Implications**

6.1 The street trading account is a ring fenced account with expenditure on the street trading service met by fees and charges paid by the traders for licence and pitch fees. The account is budgeted to breakeven. Costs including administration, cleaning, refuse as well as overheads are charged on a full cost recovery basis to the street trading account.

6.2 Currently the Council has a fee structure based on location. These fees are reviewed on an annual basis as part of the Council’s review of fees and charges, and agreed by Cabinet.

6.3 Recent years have seen small surpluses overall despite a reducing income position, however, there was a deficit in 2014/15. Management of the market was brought in-house in 2015/16. Action is required in year to deliver a breakeven position through a combination of increasing income and reducing cost.

7. **Legal Implications**

There are no legal implications associated with this report.

**Public Background Papers Used in the Preparation of the Report:** None.

**List of appendices:** None.