


<b>Cabinet</b>  10 July 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Simon Baxter, Corporate Director Communities	<b>Classification:</b> Open (Unrestricted)
<b>Street trading fees and charges</b>	

<b>Lead Member</b>	<b>Councillor Shafi Ahmed, Cabinet Member for Environment and the Climate Emergency</b>
<b>Originating Officer(s)</b>	Ashraf Ali, (Interim Director Public Realm) Damian Patchell (Street Trading & Markets Manager)
<b>Wards affected</b>	(All Wards);
<b>Key Decision?</b>	No
<b>Reason for Key Decision</b>	N/A
<b>Forward Plan Notice Published</b>	11/06/2024
<b>Exempt information</b>	N/A
<b>Strategic Plan Priority / Outcome</b>	Priority 4: Boost culture, business, jobs and leisure

### **Special circumstances justifying urgent consideration / Reasons for Urgency**

This report was not published by the statutory deadline as due to the unavoidable rearranging of the Full Council meeting, administrative processes had to be shortened and it did not prove possible to complete for this report in time for the initial agenda publication. It is important that this report is considered at this meeting as it will inform the Mayor and Cabinet's decisions to ensure key administration priorities are met.

### **Executive Summary**

Fees and charges are reviewed annually as part of the financial and business planning process. This ensures that they are set at the appropriate level for the

prevailing economic circumstances and represent good practice in terms of the Council's aim to provide value for money.

In December 2023, the council consulted street traders on increasing street trading fees. his report presents the findings of the consultation and recommends fees for 2024/25. Fees and charges relating to street trading must be approved by full Council.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

- Note the consultation response.
- Recommend to full Council that it agrees option 2, namely to increase the street traders and markets fees by 3.1% from September 2024.

## **1 REASONS FOR THE DECISIONS**

- 1.1 Fees and charges are reviewed annually as part of the financial and business planning process. This ensures that they are set at the appropriate level for the prevailing economic circumstances and represent good practice in terms of the Council's aim to provide value for money. They are set as to not create a surplus, in line with the London Local Authorities Act 1990, but only to pay for allowed costs and charges.

## **2 ALTERNATIVE OPTIONS**

- 2.1 "Do nothing" option. The council could choose to not increase fees. This option would mean that we would not be attempting to address the increased costs associated with administering the markets.

## **3 DETAILS OF THE REPORT**

### **Consultation responses**

- 3.1 On 7<sup>th</sup> December 2023 we started a 28-day consultation on a proposal to increase street trading fees and charges by approximately 3.1%, below the 9% that was calculated to be need to match the projected Market costs, when the fees were calculated. The lower increase supports the Mayor's commitment to boost business, and specifically to support markets.
- 3.2 The 3.1% matches the amount of the last time the service consulted on fees and charges in February 2022.

- 3.3 In addition to the statutory public notice, all traders and high street businesses who held licences were written to, equating to approximately 600 street traders and 200 high street businesses.
- 3.4 Traders were asked their opinion on the fee increases. Just three responses were received from street traders, one was received from a high street business which had an advertising board licence, and none were received from any other source.
- 3.5 Unsurprisingly, all four were opposed to the increases. One of the three was comparing the difference between a new trader introductory offer and a casual fee instead of the change between the casual to proposed casual fee of just £1.20. their reduced limited time 'regeneration' fee for new market stall holders to trading under a casual licence as a more established trader.
- 3.6 Full consultation responses can be found in appendix 1.

### **Fee options**

- 3.7 Managing markets and street trading costs the council in excess of £2m per year. There has been a decline in the number of traders in markets in Tower Hamlets over 20 years, which in the last two we have started to plateau out. This is due factors including an aging trader base, the competition from online shopping and discounted high street stores, the pressure on storage for equipment and more recently the inability to compete with competition exploiting social media. Revenue from fees is predicted to show a shortfall of £120,000 based on a 3.1% increase if implemented for the full 2024/25 financial year.
- 3.8 To minimise the deficit, the council can take the following options:
- Option 1 – implement fees as consulted on at approximately 3.1% increase retrospectively from April 2024
  - Option 2 – implement fees as consulted on at approximately 3.1% from September 2024
  - Option 3 – do nothing.
- 3.9 There is an expected deficit between fees and operational costs in the 2024/25 financial year. If the council opts to not increase markets fees, the deficit is likely to be in the region of £180,000.

### **Supporting markets in Tower Hamlets**

- 3.10 The council is making a number of improvements to the infrastructure and management of markets in the borough. These include:
- Implementation of larger pitch sizes at Columbia, Watney and Whitechapel.
  - New gazebos and anchor points at Watney

- Improved storage facilities at Watney
- New trader storage at Whitechapel
- Improved waste management and infrastructure at Whitechapel
- New stalls at Whitechapel
- New trader power points at Petticoat Lane and Brick Lane

3.11 These improvements are at no cost to the traders and are completely separate to the fees and charges.

## 5. EQUALITIES IMPLICATIONS

5.1 An equalities analysis is attached (Appendix A).

## 6. OTHER STATUTORY IMPLICATIONS

6.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

6.2 **Best Value:** The council considered the economy, efficiency and effectiveness of this proposal to fulfil the best value duty. The council has made significant investment in markets and high streets in the borough. The fee increase recognises the need to balance the markets trading account with the need to boost business and support traders in our world famous markets. Through benchmarking Should the increase go ahead our fees will still be amongst the lowest in London.

## 7 COMMENTS OF THE CHIEF FINANCE OFFICER

7.1 This report seeks full council approval to increase the Street Trading (markets) fees and charges by 2024/25 by 3.1%. This is in line with the fees and charges report approved by Cabinet in January 2024 and represents a below RPI increase.

7.2 The street trading account is ringfenced and budgets to breakeven each year. Any surplus is transferred to the street trading reserve for use to mitigate future year overspends or for work within the street trading service. Due to a loss of traders the service has been running at a deficit for several years and the reserve has been used in full. The deficit in 2023/24 was £300k and became a pressure on the General Fund.

- 7.3 Increasing the fees and charges by 3.1% will generate £123k additional income and this income target has been built into the budget for 2024/25. The fees were due to be increased in February 2024, ahead of the new financial year. Assuming trader numbers remain constant, delaying or not increasing the fees and charges by 3.1% will have an adverse impact on income collection when compared with budget. Increasing the charges from 1 September 2024 will result in an income shortfall of £51k and this will increase to £123k if the fees and charges remain at 2023/24 levels. These amounts would need to be mitigated within the Street Trading service to prevent an overspend within the General Fund.

## **8 COMMENTS OF LEGAL SERVICES**

- 8.1 It should be noted that this report uses the terms “markets” and “street trading.” In law, there is a difference between the two. However, this report is concerned only with street trading under the London Local Authorities Act 1990 (LLAA 1990) and where “markets” is used, it is as a convenient shorthand.
- 8.2 Street trading within London is governed by Part 3 of LLAA 1990. Section 32(1) permits an authority to charge fees for the grant, renewal or variation of a street trading licence as it considers to be sufficient to recover the administrative or other costs of the regime.
- 8.3 Section 32(2) permits the council to recover from licence holders the charges (if not recovered by alternative means) for providing services such as refuse collection, disposal and removal, street cleaning, other administrative costs, and the costs of enforcement.
- 8.4 The Act makes provision as to the timing of payment of fees and charges and also allows the authority to agree to accept payments by instalments (s.32(3) and (4)).
- 8.5 These fees and charges can also be imposed with respect to temporary street trading licences.
- 8.6 Before imposing or varying charges, s.32(7) requires the authority to give notice of the proposed changes to licence holders or to a body or bodies representative of the licence holders and to publish a notice of the proposed charges in a local newspaper in the area. The notice is required to include a statement of how the proposed fees and charges have been calculated and, where further information is sought by representative bodies as to the calculations, that is to be provided.
- 8.7 The notice of proposed charges must allow for a period of at least 28 days from the date of publication in the newspaper for written representations to be received. The authority is under a duty to consider those representations. If the Council decides to impose the proposed variation, it must again publicise

this and the date on which they come into effect in the same manner as the proposal. The consultation requirements have been complied with.

- 8.8 All functions of an authority under Part 3 LLAA 1990 are non-executive functions by virtue of Regulation 2 and Paragraph 20 of Schedule 2 to the Local Authorities (Functions and Responsibilities) Regulations 2000. These provide that the Part 3 functions are not to be the responsibility of the executive.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE.

### **Appendices**

- Draft consultation responses (Appendix 1)
- Draft fees & charges comparison 2023/24 to 2024/25 table format (Appendix 2)
- Draft Equalities Impact Assessment (Appendix 3)
- Draft options analysis (Appendix 4)

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE.

### **Officer contact details for documents:**

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