

Committees:		Dates:
Markets Committee		07112018
Subject: Entry Barrier – New Spitalfields Market (NSM)	Gateway 6 Project Light pathway	Public
Report of: Director of Markets and Consumer Protection		For Information
Report Author: Ben Milligan		

1.

Summary

An entry barrier for the New Spitalfields Market site was initially discussed in 2006 and proposed to the Spitalfields Market Tenants Association (SpMTA) in January 2007. Tenants had two main concerns at that time: that a charge may discourage customers; and that if the City of London Corporation funded the project any income generated would be retained by the City with little benefit to tenants.

The project will be funded by the Market's Repairs and Maintenance fund, which is generated by the service charge.

A charged entry system is no longer seen by the tenants as a deterrent for custom, it is looked on as a revenue opportunity that could offset large projected service charge bills.

There is currently no barrier on site enabling controlled access to the New Spitalfields site.

A barrier would assist the Market Constabulary with enforcement matters on site and would also act as a revenue stream to offset high service-charge cost projections.

The proposal is that customers pay a one-off fee to enter the site for 24hrs. HGVs pay based on a stepped system; the longer they remain on site, the more they pay. The charging level has been agreed by the SpMTA in conjunction with the City.

Ansador Fire and Security Ltd have been awarded the contract following the requisite procurement exercise and the relevant Chief Officer approval under the light gateway process.

Recommendation

Members are asked to note the contents of the report.

Main Report

2. This report discusses the installation of a controlled entry barrier system at New Spitalfields Market. The SpMTA were approached in late 2015 with a new entry barrier proposal. The intention was to support the enforcement of site rules whilst generating much needed income into the service charge. The Association was fully on board from an early stage and so feasibility work was carried out.
3. A gateway 1&2 report was produced for the Corporate Projects Board (18th April 2016). It was then taken to the Projects sub-committee (11th May 2016) and passed. A paper, outlining the options and implications, was also submitted to the Markets Committee (also 11th May 2016). Members raised the question of annual passes and approval was granted.
4. Confirmation was received in February 2018 from Town Clerk's Department that due to the fact that the procurement was going through the "light route" in the gateway process Chief Officer approval for Gateway 5 Authority to start work would be the sole requirement for progression.
5. The City of London Corporation produced a proposed specification, and, in the course of a full procurement exercise, bidders were invited to present their proposals/quotes. After evaluation, the winning tender was Ansador Fire and Security Ltd. The Director of Markets and Consumer Protection signed off the relevant appointment of Ansador Fire and Security Ltd on the 21st June 2018.
6. The procurement covered the design, Local Authority planning, building, and commissioning of the system.
7. The system will encompass vehicle entry barriers and a pedestrian turnstile, and will i) regulate market entry, ii) provide a level of control on who is on site, and when, and iii) provide valuable income for the Market that can be used for forward maintenance plans and balancing of the Service Charge.
8. There will be two HGV barrier lanes, and three car/van lanes on entry, and two lanes on exit. Flow of traffic will not be affected by the installation. The payment system will be cashless and ticketless. The system will be driven by an Automated Number Plate Recognition system (ANPR), with payment via a website/APP. Market and tenant staff will be allowed free entry via the ANPR system. Annual passes will be available.
9. The most recent traffic survey indicated that on average 2,956 vehicles use the site daily (17,736 a week). 52.4% were vans, 10% HGVs and Artics and 37.6% cars with the busiest time being between 00:00 and 01:00. There is not an analysis regarding what proportion of this number are tenant and staff vehicles, but an educated, conservative guess would suggest that at least half the vehicles on site are customers.
10. The SpMTA have been fully engaged throughout the process. Since charge levels are hugely important to trade access, and the income will benefit the service charge (not the City), it is the intention that the Tenants Association propose the charge limit for entry. There is a trade-off between optimising income whilst ensuring trade is not affected and benchmarking has been carried out with other markets – see appendix 1. The tenants, as a collective, have agreed through the SpMTA that £2 entry will not curtail trade whilst still providing

significant income generation. This value is subject to change should there be a negative impact on trade, or should it be felt that charges could be optimised further. Any changes will account for the views of the tenants.

Advantages:

11. There will be significant income generation from the entry barrier charge. Given the level of traffic on site, a conservative estimate for income would be approximately £920,000 per annum for a £2 entry charge (not accounting for HGV entry).
12. There will be better enforcement of the site rules. At present fly tipping by members of the public is largely unenforceable (and costly) since Market Staff have no local authority powers of enforcement. Barrier entry with associated Automatic Number Plate Recognition (ANPR) will allow market staff to exclude offenders from site for set periods of time. This will incentivise members of the public to comply with site rules. This will have the potential to be extended to smoking offences, hi-vis enforcement, or other site rules that we have difficulty enforcing. This will significantly reduce costs associated with fly tipping alone.
13. HGVs will no longer be able to use the site as a trailer park or trans-shipping depot.
14. Income will be used for the forward maintenance of the ageing market site and any remainder will be used to offset the service charge.
15. Money will also be available for large scale CAPEX projects such as rainwater harvesting or photovoltaic cells.

Disadvantages:

16. There is the potential that some customers will be dissuaded from coming to the market due to charges. To minimise this area of concern for the traders the SpMTA will be responsible for proposing entry charge levels. The Corporation will ensure that levels are reasonable, and benchmarked against competitor market rates, and future rates will also account for data collated regarding vehicle access volume fluctuations. All of the market's direct competitors have established long standing charged entry systems which charge much higher rates than those planned at NSM – see appendix 1 for comparative charges. It is therefore not seen as an issue of concern to the SpMTA. They have produced an email in support of the installation (see appendix 2).
17. Members of the public may be dissuaded from making casual purchases. Due to the small margins on many products most of the tenants rely on moving large quantities of product and therefore operate as wholesale only. It's not perceived to be a risk to business if the few members of the public who buy one box a week are dissuaded from attending the market - it is the wholesale trade that we are trying to foster.

Resource Implications

18. The cost of the project is split into 4 parts. i) Design, ii) Planning, iii) Installation, iv) 5-year maintenance plan. These will be paid as each stage completes

(installation costs will be paid 50% upfront to allow for procurement of the equipment). The project is being funded from the Repair and Repainting reserve fund, which has been built up over many years from contributions made by the tenants. The City will not meet any of the costs.

Stage	Design duties	£10,001.64
1	Planning Duties	£8,775
2	(project management cost of stages 1&2)	£6,886
3	Installation	£250,458.96
4	Maintenance	
	Yr 1	£17,302.70
	Yr 2	£17,302.70
	Yr 3	£17,302.70
	Yr 4	£18,302.50
	Yr 5	£18,302.50
	Total	£364,634.70

Conclusion:

22. This barrier has been deemed to be of huge value to the market. That said, the entry charge needs to be set at the right level. Members should be satisfied that the SpMTA, alongside Market Officers, will take a flexible view on entry rates based on the tenant's perceptions, as well as from entry data collected whilst using the system. Rates will be modified, as required, following careful analysis of all available data to ensure that they are reasonable and non-prohibitive.

Appendices


Appendix 1	Competitor parking charge rates
Appendix 2	Email of support for installation from SpMTA

Contact

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APPENDIX 1: Competitor Parking Charge Rates:

WESTERN INTERNATIONAL CHARGES:

HOME MEET THE TRADERS ABOUT WIMTA

Parking

There are on site parking facilities for customers.

Parking charges are as follows:
less than 30 minutes - £2
30 mins - 1 hour - £3
1 hour to 3 hours - £5
3 hours to 5 hours - £10
5 hours + - £50


Please take a ticket at the entrance barrier and pay at one of the pay stations located around the market before returning to your vehicle.

A Buyer's Annual Pass is £125
A Supplier's Annual Pass is £125

Both of these can be obtained from the Market Manager's Office (Office NCF 5).


Please contact telephone number - 020 8583 2142

Please note this is a high risk site and as such hi-viz jackets must be worn at all times. Before visiting ensure you read our [health and safety](#) advice.



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NEW COVENT GARDEN CHARGES:



Parking

If you're using the market or you work here, there's parking for your private or commercial vehicles. Check out where our customers and traders can park on the map above or download your copy below. We don't have any public parking.

If you're coming to the Fruit and Veg Market in your commercial vehicle, you pay £5 when you drive in and this covers your parking for up to three hours. The Flower Market Car Park and Multi-Storey Car Park work on a pay-on-foot system, so you pay at a machine before leaving.

Parking prices are:

0-3 hours:	£5
3-4 hours:	£25
4-6 hours:	£40
6-8 hours:	£80
8-12 hours:	£120
12-24 hours:	£200

[Download map of the market](#)

Date produced: 06.09.18

APPENDIX 2: Email of support for installation from SpMTA:

Milligan, Ben

From: Janet Hutchinson <janhutch600@hotmail.co.uk>
Sent: 04 September 2018 15:38
To: Milligan, Ben
Cc: P Walker
Subject: FW: Barrier gate at New Spitalfields Market

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Hi Ben

After our meeting with you yesterday, we would like to raise our concerns over the delays in the finalisation of a barrier system at the market. This was agreed in principle some time ago and based on the following arguments.

- The level of charging for an entry has always been agreed at a very low rate of £1 - £2 per day for customers, with a multiple return policy for that daily charge. We have also suggested the incentive of yearly passes for both customers and hauliers to make this attractive to those companies who regularly support the market. According to our calculations even at £1 per day charge we should be raising in the region of £400,000 per annum which will contribute towards the maintenance of the Corporations buildings and site. By comparison this is far cheaper than Covent Garden, where there is also a restriction of time at the site before charges escalate quite dramatically, or at Western International. We do not feel that the introduction of this small charge will in any way deter customers, and send them to alternative markets. Both our competitors have kept their customer base throughout despite charges being imposed.
- A more effective way of controlling fly tipping and waste management. With the combination of a barrier, improved CCTV and vehicle recognition/customer ID systems in place those who are caught either fly tipping or dumping their waste at the site can be ultimately banned. The cost to tenants for this element of cleaning the market alone is exceptionally high (something we are due to discuss at the scheduled meeting on Friday with Debbie Howard) and as this cost is borne by the tenants through the service charge I am sure all would be supporting this argument.
- Site rules – the administration of these is costly and time consuming. There is a need, however, to have these in place and again with a barrier creating more control over the site and who uses it, it could potentially mean that the valuable resources of the security staff can be deployed in other more productive ways.

On behalf of the Association and its members we are concerned at what appears to be even more delays in the installation of this barrier system and would urge you to work with Guildhall to ensure this system is up and running, with a stream of income to benefit the market, as soon as possible.

Regards

Jan Hutchinson

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