

Report to the Cabinet

Report reference: C-094-2009/10.

Date of meeting: 8 March 2010.



**Epping Forest
District Council**

Portfolio: Finance and Economic Development

Subject: North Weald Airfield Market

**Responsible Officer: Mark Scott (01992 564407)
Brian Bassington (01992 564446)**

Democratic Services Officer Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To note the findings of the financial enquiries made of Hughmark Continental Ltd, the current market operator;**
- (2) To approve the grant of a new licence to Hughmark Continental Ltd from August 2010 on the terms previously reported for Rondeau General Merchants, trading as Hughmark International; and**
- (3) If members are not content with the outcome of the financial enquiries to seek an alternative market operator from August 2010.**

Executive Summary:

The North Weald Airfield Strategy Cabinet Committee has recommended to Cabinet that the current market operator be granted a new licence until August 2017, subject to Cabinet receiving a report and being satisfied about the financial position of the company. The results and conclusions of the enquiries are detailed below.

Reasons for Proposed Decision:

To maintain the viability of the Market and this key income stream to the Council.

Other Options for Action:

Invite offers from other competent and experienced market operators for the grant of a licence to operate the market.

Report:

1. At its meeting on 7 December 2009 the North Weald Airfield Strategy Cabinet Committee considered options for granting a new licence to run the Market from August 2010. They considered information regarding the existing operation and noted the responses to enquiries made into other operators within the South East with respect to references, financial viability and contract fulfilment.

2. It was recommended that in accordance with Contract Standing Orders C9 (Negotiated Tendering), subject to the Cabinet receiving a report and being satisfied about the financial position of the current operator, a new licence be granted to that operator from August 2010 to 2017, with an annual landlord only break clause and the terms approved by

Cabinet on 31 July 2007, which were.

(1) That the current Retail Market Licence is surrendered and a new Retail Market Licence with amended terms be granted;

(2) That the length of the new Retail Market Licence be from 2007 to 2017, subject to an annual, landlord only, break clause from 2010;

(3) That the new Retail Market Licence be uplifted by £ 1,000 per market with effect from 2010, with annual index linking for inflation; and

(4) That in addition to the existing annual Airfield Improvement Contribution and as a single additional contribution to the Airfield Improvement annual charge, a lump sum payment of £ 150,000 be contributed by Rondeau General Merchants Ltd, trading as Hughmark International, towards the surfacing of the Meadow Area at the commencement of the new agreement.

3. The provision of the extra car parking on the Meadow Area was necessitated by the car parking requirement resulting from Rondeau's use of Hangar 1 as an indoor market and events venue. With the subsequent re-letting of Hangar 1 for steel fabrication the extra car parking area was no longer required.

4. The current licence was completed on 8 April 2009 and since that date Hughmark Continental Ltd has paid all monies due in a timely manner, including the arrears of licence fee accrued under the former licence to Rondeau and managed the market to the satisfaction of the Council. It is necessary to grant a new licence well in advance of the end of the current licence as traders, if they are aware that an agreement may end, could begin to move from one operator to another. This would have a detrimental affect on the viability of the present market and thus the new market.

5. Hughmark Continental Ltd is an established company but prior to Rondeau General Merchants Ltd, trading as Hughmark International, going into Liquidation in January 2009 it only dealt with the Company's minor European interests. Accordingly it has not been possible to carry out a full financial appraisal on the company as it has not been trading long enough at the current level of activity for meaningful audited accounts to be available. Accordingly the following action has been taken:

(1) A satisfactory bank reference has been obtained from Hughmark's bankers.

(2) The accounts raised for the market and the payments made by Hughmark since they commenced trading under their current name have been examined and no payments are outstanding.

(3) Hughmark's details have been verified at Companies House and confirmatory enquiries made of landlords at other sites.

6. The risk of loss of income to the Council associated with the rejection of the Company on the basis of their possible current financial standing outweighs the potential risk of their failure at some time in the future.

Resource Implications:

Finance

Income of £844,790 per annum.

Personnel

Valuation and Estate Management Service
Chief Internal Auditor

Land

North Weald Airfield

Legal and Governance Implications:

Section 123 Local Government Act 1972 – best consideration for the land and property assets

Safer, Cleaner and Greener Implications:

To ensure a competent and experienced operator is procured so that the environment of the airfield is not compromised.

Consultation Undertaken:

None

Background Papers:

31st July 2007 Cabinet

Impact Assessments

Risk Management

Financial risks have been identified in the report above

Equality and Diversity

No equality and diversity issues have been identified

Did the initial assessments of the proposals contained in this report for Relevance to the Council's general equality duties, reveal any potentially Adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A