

6 December 2016		ITEM: 11
Cleaner, Greener and Safer Overview and Scrutiny Committee		
Fees and Charges Pricing Strategy 2017/18		
Wards and communities affected: All	Key Decision: Key	
Accountable Head of Service: Andy Millard, Head of Planning & Growth Julie Rogers, Head of Environment		
Accountable Directors: Steve Cox, Corporate Director for Environment and Place		
This report is public		

Executive Summary

Local Authorities are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source to Councils.

This report specifically sets out the charges in relation to services within the remit of this Overview and Scrutiny Committee. Charges will take effect from the 1 April 2017 unless otherwise stated.

In preparing the proposed fees and charges, Directorates have worked within the charging framework and principles set out in the report.

The full list of proposed charges is detailed in Appendix 1 to this report.

The proposed deletion of current fees and charges are detailed in Appendix 2 to this report.

1. Recommendations

- 1.1 That Cleaner, Greener, Safer Overview and Scrutiny Committee note the revised fees and charges proposals including those no longer applicable**
- 1.2 That Cleaner, Greener, Safer Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee**

2. Introduction and Background

- 2.1. The paper describes the fees and charges approach for the services within the Cleaner, Greener and Safer Scrutiny Committee remit for 2017/18 and will set a platform for certain pricing principles moving forward into future financial years.
- 2.2. The paper provides narrative for the following areas
- Sports Bookings
 - Commercial & Domestic Waste
 - Burial Costs & Memorials
 - Enforcement Fees
 - Abandoned Vehicles
 - Libraries
 - Registration Services
- 2.3. The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plans for each area. This will ensure delivery of the income targets for 2017/8, for ease these are summarised below

Service: £000's	Actual 15/16	Budget 16/17	Budget 17/18
Thameside Theatre	523	435	447
Waste	170	299	308
Burials	230	274	283
Sports Bookings	25	75	77
Environment Other	192	191	195
Registrars	246	225	232
Public Protection	316	317	326
Libraries	72	86	88
TOTAL	1,773	1,901	1,957

3. THURROCK CHARGING POLICY

- 3.1. The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all discretionary services cost recover.
- 3.2. Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.
- 3.3. When considering the pricing strategy for CGS for 2017/18 some key questions were considered.
- Where can we apply a tiered/premium pricing structure
 - How sensitive are customers to price (are there areas where a price freeze is relevant)

- What new charges might we want to introduce for this financial year
- How do our charges compare with neighbouring boroughs
- How do our charges compare to neighbouring boroughs and private sector competitors (particularly in those instances where customers have choice)
- How can we influence channel shift
- Can we set charges to recover costs
- What do our competitors charges
- How sensitive is demand to price
- Statutory services may have discretionary elements that we can influence
- Do we take deposits, charge cancellation fees, charge an admin fee for duplicate services (e.g. lost certificates.)

4. PROPOSALS AND ISSUES

- 4.1. The fees and charges for each service area have been considered and the main considerations are set out in the following section.
- 4.2. A council wide target of £0.350m has been proposed within the MTFS for additional income generation in respect of fees and charges income for 2017/18.

5. OUTDOOR SPORTS

- 5.1. The strategic objective for charging for use of the outdoor sports facilities is to provide quality services that are competitively priced to encourage optimum use and consequently maximise income levels while at the same time reducing net subsidy.
- 5.2. The sports offer is currently heavily subsidised. The income received from the letting of sports facilities is recovering less than a third of the cost of delivering the service. User expectations are high and the service is being challenged to maintain and in some cases improve the service offer.
- 5.3. Prices have been reviewed and compared with neighbouring authorities. Prices have been subject to a small uplift to account for inflationary pressures and the increasing requirement for the service to contribute towards the full cost of delivering the service. Our revised pricing is in line with that of neighbouring boroughs however despite the small uplift in prices the service is still being heavily subsidised.
- 5.4. The existing and proposed charges are set out in Appendix 1.

6. ALLOTMENTS

- 6.1. Thurrock Council currently provides two Allotment Sites with all other sites in the borough being self-managed by community groups. The fees and charges in this report reflect Council Managed Allotments only.
- 6.2. The income received from allotments contributes towards the ongoing running costs that they incur. When considering the management costs and the income received Allotments are currently cost neutral.

- 6.3. Allotment charges have been increased by the rate of inflation. This will ensure that Allotment provision continues to cover the cost of delivering the service.

7. DOMESTIC WASTE

- 7.1. The collection of Domestic Waste is provided free of charge. Legislation makes a number of exceptions to this; Waste Collection Authorities can charge for the collection of bulky items and for replacement waste receptacles where appropriate. The Council currently charges for both bulky waste collections and replacement waste receptacles, the charges for both have been reviewed as part of this process.
- 7.2. The strategic objective for charging for waste services is to cover the cost of providing the service (so far as is practicable), taking account of the need to protect the street scene, residential amenity and to provide residents with an affordable responsible avenue to dispose of their waste.
- 7.3. In order to encourage residents to responsibly dispose of their waste the charge for bulky waste collections has been frozen. The collection of these materials incurs a net expense to the council however the decision has been taken not to increase charges due to the increase in fly-tipping across the borough.
- 7.4. The charge for the issuing of replacement Refuse and Recycling Bins where lost or damaged has been subject to an increase to reflect inflationary pressures and to recover a greater proportion of the cost of providing replacement bins.
- 7.5. The existing and proposed charges are set out in Appendix 1.

8. COMMERCIAL WASTE

- 8.1. Thurrock Council offers a commercial waste collection service to business customers. The Thurrock Trade Waste Sales Strategy created in May 2016 incorporates the strategic direction to ensure the external income target of £389,000 is achieved for 17/18.
- 8.2. The launch of the Commercial Waste Sales Team has proved successful in the five months since the launch of the team £100k of new business has been generated and £92k of existing customers business has been retained. It is anticipated that 16/17 will outturn a gross income of £309,000, representing a 60% increase from 15/16.
- 8.3. The key features of the Trade Waste Sales Strategy are to
- Continue to increase our customer base over the coming years to raise market share
 - Target key accounts across the many industrial sites within Thurrock.
 - Provide local businesses with a cost effective responsible avenue for the disposal of their waste.
- 8.4. The pricing strategy is crucial when it comes to achieving the income targets for 17/18. There are two key elements to take into consideration.

- How much does the increase need to be in order to achieve the income target for the financial year
- What percentage increase can the service take to remain competitive, retain existing customers and acquire new business.

8.5. Due to commercial sensitivity the Council do not publish Commercial Waste charges. Charges are set in line with the volume and frequency of collections that a customer requires and at a rate that will best support the delivery of our income targets.

9. BURIALS & MEMORIALS

9.1. Thurrock Council maintains 5 cemeteries providing a range of burial services and graves for cremated remains.

9.2. Charges for Thurrock Residents are at the rates stated in the Fees and Charges. Fees and Charges for non Thurrock residents are doubled across all categories. This is to reflect the lack of burial space in London boroughs and ensure that the Thurrock residents retain enough capacity to meet their future requirements.

9.3. The fees and charges set by the Council have been compared to that of neighbouring Authorities. The charges levied by neighbouring boroughs are set at a higher rate in a number of categories than that charged by Thurrock. This is particularly evident when compared with fees and charges within London.

9.4. Burial and Memorial Fees and charges has been reviewed and the benchmarking with neighbouring Authorities has been taken into account. Fees and Charges for the highest volume requests have been increased in line with inflation in order to recover any increased costs. A number of the lower volume services such as have been increased in order to bring them in line with Neighbouring Authorities and to reflect the cost of delivering the service.

10. ENVIRONMENTAL ENFORCEMENT

10.1. The Environmental Enforcement Service issue fixed penalty notices (FPN's) for breaches of legislation. Where appropriate the alleged offender is issued with a FPN as an opportunity to discharge any liability for conviction for the alleged offence. Issuing a FPN is not always appropriate for repeat offenders or those where the severity is such that prosecution is more appropriate.

10.1. The minimum and maximum amount that a fixed penalty notice can be issued for is determined by offence and is set out in legislation. The Council has licence to set the amount between the legislated minimum and maximum and can offer early repayment discounts if they are so minded. There are two alterations to the level of fixed penalty notices issued, they are as follows:

10.2. The current fixed penalty for littering is £75 reduced to £60 if paid within 10 days. As part of the zero tolerance approach to enviro crime the early repayment discount has been suspended and the charge stands at £75. Non-payment or repeat offenders will be prosecuted where appropriate.

- 10.3. The current Dog Fouling FPN is set at £75. Officers have reviewed the legislation. The maximum allowable fine under the legislation that officers have at their disposal is £50. FPN's for dog fouling will be issued at £50 with no early repayment discount.
- 10.4. The existing and proposed charges are set out in Appendix 1.

11. REGISTRARS

- 11.1. The Register Office provides the statutory service of registering births deaths & marriages alongside the non-statutory service of nationality checking and citizenship ceremonies (on both a group and individual basis.)
- 11.2. The fees and charges set by the Council are always compared to that of neighbouring Authorities. The charges in neighbouring boroughs can be higher in a number of categories than that charged by Thurrock. This is particularly evident when compared with fees and charges within London and Kent. However we compare favourably with Essex and our residents have always been supportive of the charges we traditionally set. We are able to offer a truly unique service in Thurrock unlike many Districts who have far less flexibility. Customer engagement throughout the year (by discussing annual fee increases) allows us to take into consideration local reaction and acceptance.
- 11.3. The existing and proposed charges are detailed in Appendix 1.

12. THEATRE

- 12.1. The theatre is a non statutory service which aims to minimise subsidy by increasing income and reduce costs by effective trading.
- 12.2. The Thameside Theatre charges relate to hire of the main auditorium and Thameside Two meeting room facilities. The charges consist of a block charge for the 6pm – 11pm period then an hourly rate for periods before and after the block rate. This hire is charged for all the hire period whether it be rehearsal or performance. In addition there is a further charge for nights when the spaces are used for performances due to the cost of providing front of house staff. There are also charges for additional technical equipment which hirers may decide to use. In previous years three different charging structures have been used – for non-commercial organisations, for Thurrock based commercial organisations and for commercial organisations based outside of the borough. Charges also vary depending the day of the week and daytime or evening performances.
- 12.3. Following a review of local competing theatre hire prices in Spring 2016 it was found that the cost per seat of the Thameside was highest in the area but that more services were included in the price. All competitors are bigger venues which enjoyed economies of scale and it's difficult to make meaningful comparisons. As a result a number of changes to hire fees are proposed for the 2017/18 financial year.

- 12.4. The Thurrock Commercial tariff has been removed and the theatre will now operate with two tariff regimes – Commercial and non-Commercial. This will bring the theatre into line with other similar venues.
- 12.5. A general price increase of 3% has been applied to all hire rates Monday – Saturday.
- 12.6. Prices for Sunday hire have been found to be much more expensive than other venues and as a result there are a number of Sundays when the theatre is not used each year. To increase use of the theatre on Sundays it is proposed that the costs are reduced to a level that is more competitive while still covering operating costs, and allowing us the opportunity to increase sales of beverage and confectionery.
- 12.7. The performance charge has been increased from £78 plus VAT to £125 plus VAT which is a 60% increase. This has increased to more closely reflect the actual costs of the Front of House Staff.
- 12.8. Some recent changes to the way hire of the auditorium is treated by HMRC mean that VAT is now applied to all hire charges. While a few organisations will be able to reclaim VAT those that can't will be faced with a significant increase in price. This effective price rise will lead to customer resistance but since most customers book up to 18 months in advance the effect may not be felt for 1-2 years. Organisations already booked in are unlikely to cancel on price if they are committed to a show but may demur from future bookings. To mitigate this, neighbouring venues are also changing their pricing and programming policy which is having the effect of driving bookings our way .
- 12.9. The existing and proposed charges are detailed in Appendix 1.

13. PUBLIC PROTECTION

- 13.1. The objective for public protection is to ensure that the fees charged for licences cover the cost of the provision of the licensing service. In some cases licensing legislation prohibits us from making a surplus on the provision of a licence in other cases the licence fees are set nationally with this aim in mind.
- 13.2. For other fees charged by public protection the picture varies dependant on the purpose for which the fee is charged and so where permissible in law we levy fees to maximise returns based on the costs of the provision of the service provided and market conditions.
- 13.3. Fees are reviewed annually but often do not change particularly where cost recovery is achieved. If necessary and allowed, we raise fees to ensure cost recovery and in circumstances where this is permissible we alter fees to maximise the contribution of fees to the Councils budget position.
- 13.4. A number of licence fees remained unchanged as they recover costs.
- 13.5. The existing and proposed charges are detailed in Appendix 1.

14. LIBRARIES

- 14.1. There have been small monetary increases on a number of charges with the final charge rounded accordingly to aid customer convenience and support coin operated mechanisms. Damaged book charges and premises hire charges remain consistent with last year as larger increases were implemented in 2016/17. Photocopying charges are reviewed to remain competitive with retail outlets.
- 14.2. The existing and proposed charges are detailed in Appendix 1.

15. Reasons for Recommendation

- 15.1. The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighbouring councils.

16. Consultation (including Overview and Scrutiny, if applicable)

- 16.1. Consultations will be progressed where there is specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough. Fees and charges are known to customers before they make use of the services they are buying.

17. Impact on corporate policies, priorities, performance and community impact

- 17.1. The changes in these fees and charges may impact the community; however it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

18. Implications

18.1. Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

18.2. Legal

Implications verified by: **David Lawson**
Monitoring Officer

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charged relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decisionmaking structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

18.3. Diversity and Equality

Implications verified by: **Becky Price**
Community Development Officer

The Council has a statutory duty under the Race Relations Act 2000 Amendment), the Disability Discrimination Act 2005 and the Sex Discrimination Act 1975 (Amendment) to promote equality of opportunity in the provision of services and employment. Decisions on setting charged and fees are subject to the Council's decisionmaking structures. Concessions should be available to groups or individuals in the community, where the increase may result in them being excluded from particular activities.

18.4. Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None applicable

- 19. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):**
- None
- 20. Appendices to the report**
- **Appendix 1 – Schedule of Proposed Fees and Charges for 2017/18**
 - **Appendix 2 – Schedule of Fees and Charges that are no longer applicable**

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