

14 December 2017		ITEM: 6
Cleaner, Greener and Safer Overview & Scrutiny Committee		
Fees & Charges Pricing Strategy 2018/19		
Wards and communities affected: All		Key Decision: Key
Accountable Assistant Director of Service: Julie Rogers - Director of Environment and Highways Andy Millard - Assistant Director Planning and Growth		
Accountable Directors: Steve Cox - Corporate Director, 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 2018 unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out in the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to legal, regulatory or commercial requirements.

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- 1.1 That Cleaner, Greener and Safer Overview and Scrutiny Committee note the revised fees, including those no longer applicable, and that Cleaner, Greener and Safer Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee**
- 1.2 That Cleaner, Greener and Safer Overview and Scrutiny Committee note that director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to legal, regulatory or commercial requirements.**

2 Background

2.1 The paper describes the fees and charges approach for the services within the Cleaner, Greener and Safer Overview and Scrutiny Committee remit for 2018/19 and will set a platform for certain pricing principles moving forward into future financial years.

2.2 The paper provides narrative for the Cleaner, Greener and Safer areas:

- Outdoor Sports and the Commercial Hire of Open Spaces
- Allotments
- Domestic Waste
- Commercial Waste
- Burials and Memorials
- Environmental Enforcement and Abandoned Vehicles
- Registrars
- Theatre
- Libraries
- Public Protection

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 2018/19, for ease these are summarised below for Cleaner, Greener and Safer covering all fees and charges income codes.

2.4 Cleaner, Greener and Safer Figures

Service	Last Year Outturn 16/17	Revised Budget 17/18	Forecast Outturn 17/18	Proposed Budget 18/19
Cleaner, Greener and Safer services	(1,888,200)	(1,744,304)	(1,912,539)	(1,905,052)

2.5 Individual Service Streams

Service	Last Year Outturn 16/17	Revised Budget 17/18	Forecast Outturn 17/18	Proposed Budget 18/19
Arboricultural Team	(26,890)	(76,942)	(33,000)	(33,000)
Burials & Cemeteries	(247,944)	(270,546)	(305,032)	(305,032)
Ground Maintenance - West	(1,112)	(2,669)	(2,669)	(2,669)
Country Parks	(1,900)	(987)	(987)	(987)
General Parks and Open Spaces	(68,997)	(74,560)	(74,560)	(74,560)
Street Services	(1,043)	(56,991)	(44,120)	(56,991)
Waste Management Collection	(92,815)	(17,796)	(17,796)	(17,796)
Environment Enforcement*	(38,241)	(108,070)	(138,428)	(108,070)
Libraries	(71,667)	(88,060)	(88,060)	(88,060)
Licensing	(327,649)	(309,987)	(309,987)	(309,987)
Registrars	(256,724)	(256,024)	(256,024)	(266,024)
Public Protection	(71,897)	(12,251)	(12,251)	(12,251)
Theatre	(681,271)	(469,421)	(629,625)	(629,625)
Cleaner, Greener & Safer Total	(1,888,200)	(1,744,304)	(1,912,539)	(1,905,052)

* Unchanged from previous budget level due to ongoing contract negotiations

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 2018/19 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 below.
- 4.2 A council wide target of £6.835m has been proposed within the MTFS for additional income generation in respect of fees and charges income for 2018/19 and represents a 4.1% increase from last years budget
- 4.3 For Cleaner, Greener and Safer Services the increase equates to a target of £1.905m to be secured through increased fees and charges in 2018/19. The increased fees and charges are challenging and represent our commercial ambitions as a Council.
- 4.4 To allow the Council services to better respond to changes in legal, regulatory or commercial challenges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Commercial Services to vary these charges within financial year to comply with:
- legally prescribed statutory fees and charges which may be subject to prescribed variation during the year, and that it may be necessary to adjust the relevant fees and charges during the year to reflect a change to their cost recoverability calculation; and that

- discretionary services provided on an traded basis for profit may be subject commercial operational considerations, and that it may be necessary to adjust the relevant fees and charges during the year to reflect a change to their cost recoverability calculation

5 Outdoor Sports and the Commercial Hire of Open Spaces

- 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 The outdoor sports service offer is currently being reviewed as part of the corporate Service Review process. While this review is ongoing the existing charges have been increase in line with inflation. Fees and Charges remain comparable with those of comparator boroughs.

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. Taking into account 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 Charges

- 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 non-statutory 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 to prevent any increase in fly-tipping.

- 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 inflation.
- 7.5 An additional charge has been put in place to cover the cost of supplying eurobins to flatted complexes for new developments.

8 Commercial Waste

- 8.1 The Commercial Waste Service offer waste collection and disposal services to businesses and organisations within Thurrock who do not qualify for a domestic collection under the Controlled Waste Regulations 2012. The service offer a wide range of collection sizes across residual waste, composting and recycling disposal methods in order to meet needs of small, medium and large businesses across the borough.
- 8.2 In May 2016 the Commercial Waste Service was re-launched with a revised sales and marketing plan. The service has performed well to date and has grown the size of the Commercial Waste Order Book to deliver an annual income target of £303k from a starting base of £190k in 2016/17. At present the service is forecast to deliver the projected level of income.
- 8.3 Due to commercial sensitivity the Council do not publish Commercial Waste charges
- 8.4 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 and Memorials

- 9.1 Thurrock Council maintains 5 cemeteries providing a range of burial services and graves for cremated remains. Charges for Thurrock Residents are at the rates stated in the Fees and Charges.
- 9.2 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 future requirements.
- 9.3 All fees are waived for children under 5 years, with all fees and charges for those between 6 and 16 years being unchanged.
- 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 been increased in line with inflation in order to recover any increased costs. The Burials Service is in the process of exploring the opportunities for a wider range of services including cremation and natural burials.
- 9.5 A number of new charges have been included in the Fees and Charges Schedule to reflect work that is undertaken by officers free of charge. This includes a small charge to reflect the time taken to undertake searches for family history research.

10 Environmental Enforcement and Abandoned Vehicles

- 10.1 Environmental Enforcement 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.
- 10.2 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.
- 10.3 In line with the objectives of Clean it, Cut it Fill it and the zero tolerance approach to Enviro Crime all Fixed Penalty Notices charges have been set at the maximum amount permissible in law and with no option for an early repayment discount.
- 10.4 The Fixed Penalty Notice for Abandoned Vehicles has been set at the maximum allowed. The charge for the removal of vehicles on private land and subsequent storage has been increased to better reflect the cost of administration and provision of the service.

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 reviewed against neighbouring Authorities, and take full account of any statutory charge limitations.
- 11.3 Customer engagement throughout the year allows us to take into consideration local reaction and address any concerns to changes in the fees and charges.
- 11.4 Overall fees and charges have been increased in line with neighbouring areas and the commercial principal for full cost recovery; this has resulted in increases across the majority of the existing service charges.

12 Theatre Services

- 12.1 The Thameside Theatre is one of the services accommodated in the Thameside Complex. In the past direct costs have been funded through a mixture of:-
 - Fees for hire of the facilities
 - Traded Services - for example ticket sales, bar and kiosk merchandise
 - Council subsidy

The theatre team have focussed on increasing income and reducing costs in an effort to eliminate the Council subsidy required for delivery of the service. In 2016/17, due in part to a very successful pantomime season, the theatre generated a small surplus. In recent months the team have worked with the

Commercial Services team and colleagues across the Council to develop a business plan which seeks to cement in the good performance in 2016-17, eliminate the Council operating subsidy, build on the reputation of the theatre and increase audience numbers.

12.2 As part of the programme to eliminate Council subsidy the Theatre team carried out a thorough review of fees and charges which led to some significant changes being made for the 2017/18 financial year. Notably:

- the theatre now operates on two different tariff rates – one for commercial organisations and the other for non-commercial organisations;
- VAT charges which had previously been absorbed by the Council were now passed on to organisations hiring accommodation;
- hire charges were raised by 3%;
- the surcharge applied to hire charges on performance nights was increased significantly by 60% to better reflect the actual additional costs;
- Sunday hire charges were prohibitively expensive and reduced to better compete with other facilities and to attract more business to the theatre.

12.3 These changes were implemented in April 2017 and the impact was an increase in hire charges of up to 23% for organisations unable to reclaim VAT plus a 60% increase in the performance surcharge. Charges are agreed at the point of sale and bookings are taken a year or more in advance. It therefore takes some time for the impact of the changes made to be seen in terms of booking numbers, income generated and future business opportunities. The changes made are still being assessed however early indications are that the theatre continues to attract bookings and the changes to Sunday hire charges in particular have been well received.

12.4 The business planning process included a competitor analysis which, bearing in mind the location, size and quality of the venue suggested that the current charging regime compares with other theatres in the region. As a consequence of the significant changes made to charges this year, the on-going assessment of their impact, current performance and competitor analysis it is proposed that charges are increased as follows in 2017/18:

- Approx 2% increase across all hire rates Monday to Saturday (Actual increase depends on rounding figures);
- No change to performance night surcharge;
- Traded services prices continue to be reviewed on a periodic basis depending on market conditions. For example the new box office system for the theatre will generate some additional revenue for this year.

13 Libraries

13.1 Local authorities have a statutory duty under the Public Libraries and Museums Act 1964 to provide a free comprehensive and efficient library service for all.

13.2 The library service is cost heavy to the council; with 92% of the Libraries Service costs being met by council budgetary funding.

- 13.3 An income target of £88k was set for 17/18 and for financial year 18/19 the same figure has been set, the fees & charges for the library service remain unchanged for next year.
- 13.4 Five community hubs and libraries are currently co-located, and the hubs model is proposed for other libraries in future years. By bringing Libraries and Community hubs together under one management there is an opportunity to create efficiency and provide creative and innovative space/services for our residents.

14 Public Protection

- 14.1 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.
- 14.2 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.
- 14.3 Fees are reviewed annually to ensure full cost recovery is achieved whenever possible; and in line with commercial principals and where permissible, we alter fees to maximise the income contribution towards the Councils budget position.
- 14.4 License charges for financial year 2018/19 are outlined below:
- Alcohol & Entertainment– are unchanged, at statutory limitations
 - Animal Feed Regulations– are unchanged, at statutory limitations
 - Explosives Regulations - are unchanged, at statutory limitations
 - Lotteries and Amusements – are unchanged, at statutory limitations
 - Petroleum Regulations - are unchanged, at statutory limitations

The following license charges for financial year 2018/19 are on a full cost recovery model, the charges for this will be agreed through the Licensing Committee.

- Gambling
- Massage and Special Treatment
- Hackney Carriage Licences
- Other Sales and Service Charges
- Sex Establishment
- Scrap Metal

- 14.5 Public Protection charges are outlined below:

- Control of Dogs – are unchanged, due to external contractor costs
- Testing and Verification of Weighing and Measuring Equipment – are unchanged, due to market competition
- Other Environmental Protection Charges – are unchanged, due to market competition

- 14.6 Local Authority Integrated Pollution Prevention and Control (LA-IPPC \ LAPPC) is a system which applies an integrated environmental approach to regulate certain industrial activities. Department for Environment, Food and Rural Affairs (DEFRA) changes this year mean that the methodology and structure of the charges have been full revised, and cannot be shown in comparison to the charges for FY17/18.
- 14.7 LA-IPPC involves determining the appropriate controls for industry to protect the environment through a single permitting process. This means that emissions to air, water (including discharges to sewers) and land, plus a range of other activities with an environmental impact, must be considered together.

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. The ability to vary charges within financial year will enable services to more flexible adapt to changing economic conditions.
- 15.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to the needs of the communities, legal requirements, regulatory changes and commercial challenges.

16 Consultation (including Overview and Scrutiny, if applicable)

- 16.1 Consultations will be progressed where there is specific need. However, with regard 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 charges 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 decision making 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 is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

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 2018/19

Appendix 2 – Schedule of Fees and Charges no longer applicable

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